

REVENUE: No revenue impact

FISCAL: May have fiscal impact, statement not yet issued

Action:	Without Recommendation as to Passage and Be Referred to the Committee on Rules
Vote:	9 - 1 - 0
Yeas:	Barton, Cameron, Edwards C., Esquivel, Holvey, Matthews, Thatcher, Witt, Schaufler
Nays:	Kenemer
Exc.:	0
Prepared By:	Theresa Van Winkle, Administrator
Meeting Dates:	3/9, 4/8

WHAT THE MEASURE DOES: Requires contracting agencies, before entering into a public contract, to establish measurable standards to assess the quality of a contractor's performance and clear consequences for failing to meet those standards. Outlines examples of criteria to develop measurable standards. Authorizes Secretary of State and local contracting agencies to audit public contracts. Establishes certain standards for audit. Prohibits a contracting agency from contracting for administration of contracts, except for hiring a consultant to train contracting agency employees in skills necessary for administration. Prohibits an employee of a contracting agency from seeking or obtaining employment with a contractor in certain circumstances. Requires contractor to offer employment to an employee of a contracting agency if, due to the terms of the public contract, the employee is displaced. Requires a contracting agency, before conducting a procurement for goods or services with an estimated contract price that exceeds \$25,000, to demonstrate with cost analysis or by other means that the cost of providing goods or performing service with a contracting agency's own personnel or resources is greater than cost of procuring goods or services from the contractor. Specifies additional criteria for contracting agency to use in determining the contractor's responsibility and for pre-qualifying the contractor. Declares an emergency, effective upon passage.

ISSUES DISCUSSED:

- Examples of state and local government contracts which outsource services
- Fiscal impact on state and local government
- Proposed cost savings from outsourcing versus actual savings or increased costs
- Impact on agency public contracting work

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: HB 2867 applies to public contracts first advertised, otherwise solicited or entered into, or renewed (with either an existing or new contractor) on or after January 1, 2010. The Secretary of State, Attorney General, Department of Administrative Services, and contracting agencies that have adopted rules pertaining to public contracting, are allowed to adopt rules and take related actions before January 1, 2010 to ensure that the measure's provisions are carried out.

Examples of additional criteria for the contracting agency to use in determining the contractor's responsibility and pre-qualifying the contractor include the demonstration that the bidder is not in current litigation, subject to an administrative action, or otherwise in a legal dispute with another contracting agency or a public agency in another state; complies with all applicable state and federal laws related to the subject of the procurement; and has a record of completing previous public contracts successfully and without any significant complaints regarding the quality or budget of the bidder's work. HB 2867 requires that a contracting agency review eligibility for pre-qualification three years after the contracting agency's initial decision to pre-qualify the bidder, and verify the bidder's responsibility at the end of each subsequent three-year period in which the bidder continues to submit bids for public contracts.

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This summary has not been adopted or officially endorsed by action of the committee.