

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (legis.state.nm.us). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

	ORIGINAL DATE 2-6-06		LAST UPDATED 2-9-06		HB 532/aHBIC
SPONSOR	Lujan, B.	ELECTRONIC PROCUREMENT BID			
SHORT TITLE	SUBMISSION			SB	
				ANALYST	Hadwiger

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
	NFI		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Finance and Administration (DFA)

General Services Department (GSD)

Department of Transportation (NMDOT)

Public Education Department (PED)

SUMMARY

Synopsis of HBIC Amendment

The HBIC amendment to House Bill 532 deletes an amended section in the original bill that would have allowed electronically submitted bids to be opened in private with a single witness and inserts, in lieu thereof, language that specifies that sealed bids submitted electronically shall be opened publicly in the presence of one or more witnesses at a time designated in the invitation for bids (IFBs) or request for proposals. Specifically, the amendment provides new language for that makes this provision for IFBs and applies existing language for RFPs.

Synopsis of Original Bill

House Bill 532 would amend the state procurement code to allow a central purchasing office, in an invitation for bids (IFB) or a request for proposals (RFP) to require all or part of a bid to be submitted electronically if the office determines this to be advantageous to the procurement process.

This provision is elaborated as follows. No hard copy documents would be submitted unless specified in the IFB or RFP. A fixed date and time for bid opening and closing would be specified. For sealed bids, a representative of the central purchasing office and a witness would open the email or other secure electronic location immediately after the bid closing time, record the vendors that submitted bids, the date and time submitted, the bids and associated prices and prepare a bid tabulation of all responsive vendors for review. The bids would then be evaluated and contract awarded as provided in the IFB or RFP. A distinction is made between traditional bid submissions and electronic submissions whereby the former would be opened publicly at the time and place designated in the IFB or RFP, and the electronic bids would be opened at the bid closing time in the presence of a witness.

FISCAL IMPLICATIONS

The General Services Department (GSD) indicated that allowing electronic receipt of bids and proposals, where appropriate, would save money and time for vendors and government entities (e.g. paper products and postage).

The Department of Finance and Administration (DFA) anticipated that there could be some slight impact if an agency desired or felt the need to keep hard copies of bids or proposals to comport with Records and Archives' statute and regulations or for internal agency reasons and therefore incurred the cost of printing such copies themselves instead of having that cost put upon the vendors themselves as the situation currently exists.

SIGNIFICANT ISSUES

GSD noted that allowing electronic submission (receipt) of bids and proposals would modernize the Procurement Code, the procurement process, and would save time and costs for government entities and for vendors.

DFA identified two concerns about the original bill:

1. the removal of a public opening for electronically submitted bids. NMDOT identified this issue in the original bill as well; and
2. the need to coordinate with Records and Archives in order to properly preserve records in accordance with statute and regulation.

The HBIC amendment addresses the first issue by requiring that electronically submitted bills to be opened publicly in the presence of one or more witnesses at the time and place designated in the invitation for bids (ITBs) or request for proposals (RFP).

As to the second issue, DFA indicated that, since the language of the statute clearly states that no hard copies should be received for those ITBs calling for electronic submission of bids as well as

those portions of any RFP calling for electronic submissions, the central purchasing office would have to coordinate with Records and Archives in order to preserve the documentation on electronic media (CD) along with whatever portions would be hard copy. This is more an administrative issue regarding implementation than a statutory one.

NMDOT commented that, currently, that agency is in the process of establishing a system to allow electronic bidding on its transportation construction projects. However, under current law, NMDOT cannot require that a contractor submit a bid electronically and must give contractors the option of either submitting bids electronically or in the traditional paper form. This bill would give NMDOT the option of requiring all bids to be submitted electronically for certain projects.

PERFORMANCE IMPLICATIONS

GSD indicated that utilization of electronic receipt of bids and proposals will increase the efficiency of the Purchasing Division. PED concurred that a more efficient and broad procurement with more competitive bidding would be available by the new process proposed.

DOT also concurred, noting that allowing central purchasing offices to require electronic submittal of bids and proposals will result in a more efficient procurement process, particularly regarding bids for construction projects which often require bid prices on hundreds of different items. Electronic bid submittals will decrease the amount of time spent by staff in reviewing bids and will eliminate the need for staff to manually enter the prices for each bid item into a computer software system that is used to assist in the evaluation of bids.

ADMINISTRATIVE IMPLICATIONS

According to GSD, a GSD rule change and training for agencies and vendors will be required. There would be no significant increase in workload for GSD or other entities under the Procurement Code.

DOT noted that central purchasing offices will have to establish a secure reliable process capable of protecting confidential material if they choose electronic procurement. The offices will also have to provide hard copies of electronic bids and RFPs to their custodians of records in order to comply with potential Inspection of Public Records Act requests. Finally, every member of a committee evaluating RFPs will have to have access to a computer and have access provided.

DH/nt