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FISCAL IMPACT REPORT

ORIGINAL DATE 2-7-06

SPONSOR Youngberg LAST UPDATED 2/15/06 HB 115/aSCORC

PROCUREMENT CODE PROFESSIONAL

SHORT TITLE SERVICE LIMITS SB _____

ANALYST Hadwiger/Earp

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
	None		

(Parenthesis () Indicate Expenditure Decreases)

Duplicates, Relates to, Conflicts with, Companion to

Duplicates Appropriation in the General Appropriation Act
 Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Finance and Administration (DFA)

General Services Department (GSD)

Department of Transportation (DOT)

Department of Corrections (DOC)

SUMMARY

Synopsis of SCORC Amendments

The SCORC amendments to House Bill 115 restore provisions in current law that apply a lower small purchase exemption under the Procurement Code for surveying services. The small purchase exemption for surveying services is also raised from the current statutory level of \$5,000 to \$6,000, rather than including such services in the broader \$30,000 exemption proposed in the original bill.

Synopsis of Original Bill

House Bill 115 would amend the Procurement Code to increase the dollar threshold for contract-

ing for professional services for architectural, engineering, landscape architectural or surveying services without a formal selection process from \$25 thousand to \$30 thousand. The bill would also eliminate the exception, within the small purchase provisions of Section 13-1-125, for the small purchase of architectural, landscape architectural, engineering or surveying services, and permit the state and local entities the power to enter into small purchase contracts not to exceed \$30,000.

FISCAL IMPLICATIONS

DFA does not anticipate a significant fiscal impact from this bill, but noted the personnel of the General Services Department (GSD) Property Control Division (PCD) could spend fewer work-hours on issuing and managing requests for proposals which would free these personnel to perform other tasks.

SIGNIFICANT ISSUES

DFA indicated that, in 2005, the Legislature increased the small purchase limit for most other professional services to \$30 thousand, but architect/engineer contracts were not changed and remained at the \$25 thousand small purchase level. This bill would coordinate such contracts to match all other professional services contracts at one set amount for small purchases.

The Department of Transportation noted that these changes would provide significant help to the state in its efforts to quickly secure, without the need for time consuming requests for proposals, small contracts for professional services. The artificial and arbitrary prohibition of PSA small purchases would be eliminated, thereby achieving greater procurement flexibility in state procurement. Such expedited small purchases of professional services are often necessary in order to quickly obtain professional review of the work product submitted by other professionals. This review would serve to protect and safeguard the public, which depends on the accuracy of design and engineering in public works construction.

PERFORMANCE IMPLICATIONS

DFA anticipated that one benefit of this bill is that the Property Control Division (PCD) of the General Services Department (GSD) would have fewer requests for proposals to process since the small purchase limit would be raised. All agencies would benefit in that the small purchase amount for all professional services would be the same across the board eliminating some confusion.

OTHER SUBSTANTIVE ISSUES

DFA noted that this Bill would remove some confusion in regard to the small purchase limit on professional services since, currently, the bulk of such services have a \$30,000.00 limit for small purchases while architect/engineer services have a small purchase limit of only \$25,000.00. This change would bring all professional services to the same small purchase threshold.