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## FISCAL IMPACT REPORT

ORIGINAL DATE 02/18/11

SPONSOR Miera LAST UPDATED \_\_\_\_\_ HB 412

SHORT TITLE Exempt Certain Counties from Procurement Code SB \_\_\_\_\_

ANALYST Archuleta

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY11	FY12	FY13	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
<b>Total</b>	NFI	NFI	NFI			

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Administrative Office of the District Attorney's (AODA)  
 Department of Finance and Administration (DFA)  
 General Services Department (GSD)

### SUMMARY

#### Synopsis of Bill

House Bill 412 amends the Procurement Code to exempt class A counties with a population in excess of 500,000 (Bernalillo County) from the procurement code if the counties enact their own purchasing ordinances approved by the General Services Department of the State of NM.

### FISCAL IMPLICATIONS

There is no fiscal impact associated with proposed legislation.

### SIGNIFICANT ISSUES

DFA indicates that Bernalillo County continually excels in their procuring processes. In 2010 Bernalillo County received the National Purchasing Institute's Achievement of Excellence in Procurement Award for the fourth consecutive year. Per the County's website, "This prestigious award is earned by those organizations that demonstrate excellence by obtaining a high score based on standardized criteria. The criteria are designed to measure innovation, professionalism, productivity, e-procurement, and leadership attributes of the procurement organization."

This bill is one of the County's legislative priorities this session. Per Bernalillo County's

Administrative Resolution No. AR2010-83, the County supports legislation to provide for exemption from the state procurement code with the provisions that the county shall either adopt a procurement code materially similar to that of the home-rule municipality Albuquerque. Or, the County shall develop a new procurement code that will be submitted to the State of NM for review and approval and then codified by county ordinance. The City of Albuquerque as a home-rule municipality can exercise all legislative powers and perform all functions not expressly denied by general law or charter.

The County's procurement system processes approximately 8,000 purchase orders a fiscal year through a centralized unit that procures all professional and non-professional contracts, bids, and purchase cards. The County feels that the state's procurement code is sound but would like the ability to customize certain areas within the system to make it more efficient and more cost effective. By establishing their own procurement code, it would enable the County to clarify areas that need more direction as well as to work better with Albuquerque in procuring matters.

### **PERFORMANCE IMPLICATIONS**

DFA suggests that Bernalillo County, because of its numerous clean audits and awards of excellence, would be fine under the state's code. However, it could do an even better job with its own customized system. The County, furthermore, has more than proven that they are a county that can handle this task with much responsibility.

### **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

Related to House Bill 128 – Procurement Code Exemptions and Requirements

### **TECHNICAL ISSUES**

GSD notes that municipalities currently have the ability to adopt "home rule" which allows them to develop (essentially) their own procurement code. GSD is not sure why this legislation would require GSD approval because Section K (13-1-98) already provides an exemption to the procurement code for municipalities having adopted home rule charters. Municipalities are defined as including counties.

DA/mew