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FISCAL IMPACT REPORT

SPONSOR Ivey-Soto ORIGINAL DATE 01/29/18
 LAST UPDATED 02/09/18 HB _____

SHORT TITLE Cancellation of Bid & RFP Invitations SB 69/aSCORC

ANALYST Hanika Ortiz

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY18	FY19	FY20	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		NFI				

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

General Services Department (GSD)

SUMMARY

Synopsis of SCORC Amendment

The Senate Corporations and Transportation Committee amendment clarifies that if rebidding a failed solicitation attempt and before purchasing in the open market, the second invitation for bids or request for proposals must also be posted for at least thirty days before being canceled.

Synopsis of Original Bill

Senate Bill 69 amends Section 13-1-131 to clarify in the Procurement Code the authority of public entities to purchase goods and services in the open market in the event an *invitation to bid* (ITB) or *request for proposals* (RFP) was unsuccessful after two attempts. The bill also requires the posting of the two solicitations for at least thirty days before being canceled and a form containing the reasons for the unsuccessful solicitations to become part of the procurement file.

FISCAL IMPLICATIONS

The bill attempts to bring more clarity and consistency to an unclear section of the Procurement Code which may contribute to a more efficiently run and responsive state government.

Competitive procurement through an invitation to bid or request for proposals process is an important aspect of purchasing for public entities because it holds down costs for the state.

SIGNIFICANT ISSUES

During the solicitation process, if an RFP is canceled or rejected or no proposals are received, the statute is confusing as to if or when a central purchasing office has the authority to purchase in the open market. By having to re-solicit for a purchase a third time, GSD says state agencies expend additional resources, lessen their requirements, or go without the purchase altogether.

PERFORMANCE IMPLICATIONS

Agency training will be crucial to learn why the RFP failed in the first place, how to thoughtfully and carefully construct the next RFP to reduce those incidences where no one responds to the solicitation, and how to negotiate to ensure the best price and terms in the open market.

POSSIBLE QUESTIONS

The proposed bill as amended raises the question, if the public agency can directly buy in the open market than why did they not receive any responses from the first two solicitations?

AHO/sb/jle