

1999 HOUSE GOVERNMENT AND VETERANS AFFAIRS

HB 1170

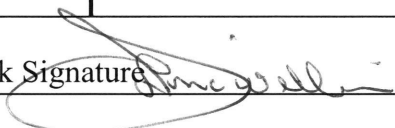
1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1170

House Government and Veterans Affairs Committee

Conference Committee

Hearing Date 1-15-1999

Tape Number	Side A	Side B	Meter #
1	X		0 - 28.7
1		X	25 - 39.0
Committee Clerk Signature 			

Minutes: Some of the individuals testifying submit written testimony. When noted please refer to it for more detailed information.

Representative Klein, Chairman of the GVA Committee opened the hearing on January 15, 1999.

Summary of the Bill: Relating to state purchasing and printing practices and the responsibilities of the office of OMB. Also relating to the requirement that state purchases comply with US Bureau of Standards.

Testimony in Favor:

Linda Engmann, OMB submitted written testimony which she read in it's entirety (**please refer to her written testimony**). She covered each section of the bill in her written testimony and also submitted an amendment attached to the back of the testimony.

Representative Klein, Why is there an emergency?

Engmann, I cant answer that.

Representative Klein, On line 21, you refer to the director. Are you referring to the director of OMB?

Engmann, Director of Transportation.

Representative Klein, On page 2, line 6 and 7, the work performed, if you delete that who is going to perform that work, OMB?

Engmann, Individual agencies will have that responsibility.

Representative Klein, On line 14, what's the present method used rather than the one your proposing there?

Engmann, Currently if it's \$750 or less the agency does it however they wish. Any independent printer that they want. They don't have to send those invoices to OMB

Representative Klein, Page 3, line 7, the state printing agent? Who's that?

Engmann, In researching that I was told in 1959 when the state office of accounts and purchases was created.

Representative Klein, So your updating it. On page 11, line 18 and 19, why are you deleting that?

Engmann, It's the nature of recycled paper.

Pam Sharp, OMB stated that regarding the emergency clause deals with multi-award contracts and think this would clean it up and allow us to do this immediately.

Representative Klemin, Page 9, subsection 3, lines 1-5, as I read this in order to become an approved vendor, you have to be one of those listed. What about sole proprietor or general partnership?

Engmann, I don't know and will let Sec. of State Al Jaeger answer that.

Al Jaeger, Sec. of State submitted written testimony which he read in it's entirety (**please refer to his testimony**). Regarding Representative Klemin's question, if you don't have any registration with our office your fine.

Representative Hawkin, Is the University not part of this bill?

Jaeger, Yes there not part to this bill. They are required to follow the provisions of the law regarding their purchases. We work with University systems anyway to expedite it.

Mark Johnson, ND Association of Counties supports the bill.

Representative Klein, This would probably benefit your counties if they had some equipment they didn't want and could bring it into the system. Another county may want it and this would stream line the buying/selling opportunity.

Johnson, That's correct.

Jack McDonald, ND Newspaper Association submitted written testimony which he read in it's entirety (**please refer to his testimony**). He also has a change to his amendment, instead of quarterly it would be semiannually. The amendment would have OMB publish twice a year in county newspapers so people would be able to get on the vendor list and be aware of this. People would know of the vendor list and how to get on this list, especially the new businesses. OMB has agreed with this.

Representative Klein, Have you discussed this with OMB and the Sec. State?

McDonald, Not Sec. of State, but I did with OMB and their in agreement. It would cost \$8000/publication for 52 newspapers. So twice a year is \$16,000.

Representative Grande, Would the counties consider that a public service thing/issue?

McDonald, I don't think so.

Representative Thoreson, What's the magnitude of this problem?

McDonald, I couldn't give you statistics, but I have heard this issue raised many times. People don't know about the vendor list. This will serve two purposes 1. allow OMB to update their list and get the latest new people and also 2. gives the people of ND a chance or shot at doing business with the state

Representative Thoreson, When they register as a vendor with Sec. of State, can't they just get a notice at that time that this is available to them. Why do we have to notify them, if they are already registered.

McDonald, They do not always register as a vendor for a OMB product when they register with the Sec. of State. They register there as a business name. They may see that if they shifted their gears a little bit that they might provide the state with a product.

Representative Kliniske, Isn't it a part of being a savvy businessman to go out and look for your business. It's their responsibility.

McDonald, Yes, but not everyone is a real savvy businessman and so let's give them this opportunity

Sharp, OMB agreed with the amendment and her department has no problem with it, except that we do not have it in our budget. If you do pass it we would have to add the additional expenses to our budget.

Representative Devlin, Does OMB send out a news release of any kind that announces this process. OMB should have some method of getting this information out to the people.

Sharp, No. The bid opening is let to all vendors that are registered with the state for that particular product. There is no publication for this.

McDonald, I want to clarify the price we decided on for the cost was for a particular size add.

The cost would be smaller if the add was smaller and this can be debated. We just set a cost to open up this discussion and there is room for negotiation on this.

Sharp, The state purchasing has a web site available also. All the information is available on that web site and is available to everyone. Including the process to become a vendor.

Testimony in Opposition: None.

Representative Klein, Closed the hearing on HB 1170.

Committee Action:

Representative Klein, I would like to think or suggest that Mr. McDonald has a point, but I don't know if we need to do that semiannually.

Representative Devlin, In my district there are a lot of people who do not have access to the internet or the web site that OMB talked about. The 20 cents per person per biennium, I think is a good proposal. That's the cost it works out to.

Representative Metcalf, Why couldn't they go to the smaller add that was brought up in the hearing. It would reduce the cost.

Representative Hawken, I think were being presumptuous in assuming everyone reads the newspaper.

Representative Grande, Made a motion on the amendments.

Representative Brekke, Seconded the motion.

Motion Passes, Do Pass (vocal).

Representative Klemm, I have some concern on part of the bill. Page 8 and 9, the language is misleading. It doesn't read the way Mr. Jaeger stated. Not all businesses are required to be

registered in the office of the Sec. of State. It's not using the names of the partners in a general partnerships. At the top it's not referring to general partnerships at all. I think the language needs clarification. Transient merchants are required to be registered in the office of the Attorney General, not the Sec. of State.

Sharp, OMB stated that the intent was that you register with the Sec. of State if you going to do business with the state and become an approved vendor. This is whether or not they are required to register with the Sec. of State.

Representative Klein, Let's hold this one and Representative Klemin would you take it upon yourself to check this out and report back to us with the proper language and clarification.


1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1170

House Government and Veterans Affairs Committee

Conference Committee

Hearing Date 1-28-1999

Tape Number	Side A	Side B	Meter #
2		X	39.7 - 55.3
Committee Clerk Signature 			

Minutes: Representative Klein instructed the committee to turn to HB 1170. We have some amendments. This bill has to do with purchasing and printing practices.

Linda Engeman, OMB appeared before the committee to walk the committee through the amendments since her department had submitted them. **Please refer to the tape for this or look at the submitted amendments , meter # 41.7 - 49.2.**

Representative Klemin, Most of these amendments are for clarifying the fact that the bill originally written, did not seem contemplate that a sole proprietor or general partnership that did not have a fictitious name any want to be an approved vendor. The way it is written now, anybody that wants to be an approved vendor regardless of the form of business there doing, even as a sole proprietor would have to register with secretary of state.

Committee Action:

Representative Winrich, Made a motion for a Do Pass on the amendments.

Page 2

House Government and Veterans Affairs Committee

Bill/Resolution Number HB 1170 2

Hearing Date 1-28-1999

Representative Hawken, Seconded the motion.

Motion Passes: Do Pass (vocal).

Representative Thoreson, Made a motion for a Do Pass on the amended bill.

Representative Grande, Seconded the motion.

Motion Passes: Do Pass as Amended **14-0-1**.

Representative Klemin, Is the carrier for the bill.

FISCAL NOTE
REVISED

(Return original and 10 copies)

Bill/Resolution No.: HB 1170 Amendment to: _____
 Requested by Legislative Council Date of Request: 1-4-99

- Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, cities, and school districts.

Narrative: This bill takes care of several housekeeping items related to Central Services. This fiscal note reflects the additional revenue and expenditures incurred if Surplus Property is allowed to purchase federal property and then sell it. It also reflects revenue and expenditures incurred if political subdivisions disposed of their property with Surplus Property. Those fiscal effects are included in the agency budget.

The general fund revenue increase is a result of increased registrations with the Secretary of State.

- State fiscal effect in dollar amounts:

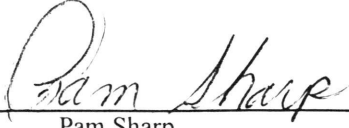
	1997-99 Biennium		1999-2001 Biennium		2001-03 Biennium	
	<u>General Fund</u>	<u>Other Funds</u>	<u>General Fund</u>	<u>Other Funds</u>	<u>General Fund</u>	<u>Other Funds</u>
Revenues	0	0	175,000	474,000	26,250	474,000
Expenditures	0	0	0	442,000	0	442,000

- What, if any, is the effect of this measure on the budget for your agency or department:

- For rest of 1997-99 biennium: 0
- For the 1999-2001 biennium: Net increase of special funds of \$32,000
- For the 2001-03 biennium: Net increase of special funds of \$32,000

- County, city, and school district fiscal effect in dollar amounts:

	1997-99 Biennium			1999-2001 Biennium			2001-03 Biennium		
	<u>Counties</u>	<u>Cities</u>	<u>School Districts</u>	<u>Counties</u>	<u>Cities</u>	<u>School Districts</u>	<u>Counties</u>	<u>Cities</u>	<u>School Districts</u>
	0	0	0	0	0	0	0	0	0

Signed: 
 Typed Name: Pam Sharp
 Department: OMB
 Phone Number: 327-4606
 Date Prepared: 1-13-99

FISCAL NOTE

(Return original and 10 copies)

Bill/Resolution No.: HB 1170 Amendment to:

Requested by Legislative Council Date of Request: 1-4-99

- 1. Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, cities, and school districts.

Narrative:

This bill takes care of several housekeeping items related to Central Services. This fiscal note reflects the additional revenue and expenditures incurred if Surplus Property is allowed to purchase federal property and then sell it. It also reflects revenue and expenditures incurred if political subdivisions disposed of their property with Surplus Property. The fiscal effects of this bill are included in the agency budget.

- 2. State fiscal effect in dollar amounts:

Table with 7 columns: 1997-99 Biennium (General Fund, Special Funds), 1999-2001 Biennium (General Fund, Special Funds), 2001-03 Biennium (General Fund, Special Funds). Rows: Revenues, Expenditures.

- 3. What, if any, is the effect of this measure on the appropriation for your agency or department:

- a. For rest of 1997-99 biennium: 0
b. For the 1999-2001 biennium: Net increase of special funds of \$32,000
c. For the 2001-03 biennium: Net increase of special funds of \$32,000

- 4. County, City, and School District fiscal effect in dollar amounts:

Table with 9 columns: 1997-99 Biennium (Counties, Cities, School Districts), 1999-2001 Biennium (Counties, Cities, School Districts), 2001-03 Biennium (Counties, Cities, School Districts). All values are 0.

If additional space is needed, attach a supplemental sheet.

Signed Pam Sharp

Typed Name Pam Sharp

Department OMB

Date Prepared: 1-6-99

Phone Number 328-4606

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1170

Page 1, line 4, after "4" insert a comma, remove "and", and after "5" insert "and 8"

Page 7, line 29, replace "and" with a comma, and after "5" insert ", and 8"

Page 8, after line 5, insert:

"8. Such specific items or items costing less than a specified amount as determined and indicated by written directive by the director of the office of management and budget. The director may organize and administer, including by contract with a provider, a system of procurement for items agencies are authorized to purchase under this subsection that includes use of a procurement card."

Page 8, line 29, after "information." insert "The application must also contain a statement appointing the secretary of state as the applicant's agent for service of process pursuant to subsection 3.", and after "an" insert "owner, partner,"

Page 8, line 30, remove "authorized person" and after "officer" insert "authorized by company bylaws or other organizational document to bind the company. The office of management and budget may require proof of the signing person's authority by certified copy of appropriate company documents"

Page 9, line 1, replace "company" with "applicant"

Page 9, line 2, replace "foreign or domestic" with "if organized as a corporation, limited liability company, limited liability partnership, or limited partnership,"

Page 9, line 11, after the period insert "Whenever any registration required by this section is cancelled, revoked, or not renewed, the vendor ceases to be an approved vendor."

Page 10, line 10, after "purchases" insert "- exempt records"

Page 10, line 16, after the underscored period, insert "Until the date and time set for receiving and opening pursuant to a request for bids or proposals, all bids and proposals received under this chapter are exempt records under subsection 5 of section 44-04-17.1."

Renumber accordingly

Office of Management and Budget
January 15, 1999

PROPOSED AMENDMENT TO HOUSE BILL NO. 1170

Page 8, line 2, remove "and 24-03-12"

Renumber accordingly

Date: 1-28-99

Roll Call Vote #: 1

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1170

House GOVERNMENT AND VETERANS AFFAIRS Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken DP AMENDED

Motion Made By THORESON Seconded By GRANDE

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN KLEIN	✓		REP. WINRICH	✓	
VICE-CHAIR KLINISKE	✓				
REP. BREKKE					
REP. CLEARY	✓				
REP. DEVLIN	✓				
REP. FAIRFIELD	✓				
REP. GORDER	✓				
REP. GRANDE	✓				
REP. HAAS	✓				
REP. HAWKEN	✓				
REP. KLEMIN	✓				
REP. KROEBER	✓				
REP. METCALF	✓				
REP. THORESON	✓				

Total (Yes) 14 No 0

Absent 1

Floor Assignment KLEMIN

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1170: Government and Veterans Affairs Committee (Rep. Klein, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (14 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1170 was placed on the Sixth order on the calendar.

Page 1, line 4, replace "and" with a comma and after "5" insert ", and 8"

Page 7, line 29, replace "and" with a comma and after "5" insert ", and 8"

Page 8, line 2, replace "sections" with "section" and remove "and 24-03-12"

Page 8, after line 5, insert:

"8. Such specific items or items costing less than a specified amount as determined and indicated by written directive by the director of the office of management and budget. The director may organize and administer, including by contract with a provider, a system of procurement for items agencies are authorized to purchase under this subsection which includes use of a procurement card."

Page 8, line 29, after the underscored period insert "The application must also contain a statement appointing the secretary of state as the applicant's agent for service of process pursuant to subsection 3." and after "an" insert "owner, partner,"

Page 8, line 30, remove "authorized person" and after "officer" insert "authorized by company bylaws or other organizational document to bind the company. The office of management and budget may require proof of the signing person's authority by certified copy of appropriate company documents"

Page 9, line 1, replace "company" with "applicant"

Page 9, line 2, replace "foreign or domestic" with "if organized as a corporation, limited liability company, limited liability partnership, or limited partnership,"

Page 9, line 11, after the underscored period insert "Whenever any registration required by this section is cancelled, revoked, or not renewed, the vendor ceases to be an approved vendor."

Page 10, line 10, after "**purchases**" insert "**- Exempt records**"

Page 10, line 16, after the underscored period insert "Until the date and time set for receiving and opening bids and proposals pursuant to a request for bids or proposals, all bids and proposals received under this chapter are exempt records under subsection 5 of section 44-04-17.1."

Re-number accordingly

1999 SENATE GOVERNMENT AND VETERANS AFFAIRS

HB 1170

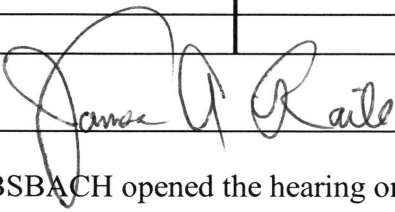
1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1170

Senate Government and Veterans Affairs Committee

Conference Committee

Hearing Date March 4, 1999

Tape Number	Side A	Side B	Meter #
1	X		3370-5459
Committee Clerk Signature 			

Minutes: CHAIRMAN KREBSBACH opened the hearing on HB 1170 which relates to approved vendors under state purchasing laws; state purchasing and printing practices and the responsibilities of the OMB and to declare an emergency. Appearing before the committee to provide a section by section review of the bill was Linda Engmann, Acting Director of Central Services Division with the Office of Management and Budget. A copy of her written testimony is attached. Comments and questions were offered SENATORS THANE, KREBSBACH, and KILZER. CLARA JENKINS presented testimony on behalf of SECRETARY OF STATE, AL JAEGER. A copy of that testimony is attached. Questions were offered by SENATORS KREBSBACH and THANE. There was no further testimony in support, neutral position, or opposition to HB 1170. The hearing was closed on HB 1170. A motion for DO PASS with Rereferral to Appropriations was made by SENATOR WARDNER, seconded by SENATOR

Page 2

Senate Government and Veterans Affairs Committee

Bill/Resolution Number HB 1170

Hearing Date March 4, 1999

THANE. ROLL CALL VOTE indicated 7 YEAS, 0 NAYS, and 0 ABSENT OR NOT

VOTING. SENATOR WARDNER will carry the bill.

Date: 3/04/99
Roll Call Vote #:

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1170

Senate GOVERNMENT AND VETERAN'S AFFAIRS Committee

Subcommittee on _____

or

Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass - Refer to Appropriations

Motion Made By Sen Wardner Seconded By Sen. Thane

Senators	Yes	No	Senators	Yes	No
SENATOR KREBSBACH	✓				
SENATOR WARDNER	✓				
SENATOR KILZER	✓				
SENATOR STENEHJEM	✓				
SENATOR THANE	✓				
SENATOR DEMERS	✓				
SENATOR MUTZENBERGER	✓				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Sen. Wardner

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
March 4, 1999 1:29 p.m.

Module No: SR-39-4029
Carrier: Wardner
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1170, as engrossed: Government and Veterans Affairs Committee (Sen. Krebsbach, Chairman) recommends DO PASS and BE REREFERRED to the Appropriations Committee (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1170 was rereferred to the Appropriations Committee.

1999 SENATE APPROPRIATIONS

HB 1170

1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. ENGROSSED HB 1170

Senate Appropriations Committee

Conference Committee

Hearing Date 3/16/99

Tape Number	Side A	Side B	Meter #
1	x		100-1123
3/8/99 2	3157-3420		
Committee Clerk Signature <i>Kathryn C. Kottelero</i>			

Minutes:

SENATOR NETHING: Opened the hearing on engrossed HB 1170; a BILL for an Act to create and enact a new section to chapter 54-44.4 of the North Dakota Century Code, relating to approved vendors under state purchasing laws; to amend and reenact sections and subsections; of the North Dakota Century Code, relating to state purchasing and printing practices and the responsibilities of the office of management and budget; to repeal section 54-44-09 of the North Dakota Century Code, relating to the requirement that state purchases comply with United States bureau of standards; and to declare an emergency.

LINDA ENGMANN: Acting Director, Central Services Division, OMB, to testify in support of HB 1170. (testimony attached #1) (tape 1, A, 178-478)

SENATOR NETHING: Please talk to us about the fiscal note.

ENGMANN: The fiscal note was prepared with the section on vendor registration, section 14. There would be additional revenues for the state based on this requirement that vendors do register with the Secretary of State's Office.

SENATOR TALLACKSON: What changes were made in the House?

ENGMANN: House changes dealt with Section 14. It clarified language regarding registration for sole proprietors. Members of the House Committee felt because of the language, certain types of businesses would be not allowed to register.

SENATOR ANDRIST: Apparently OMB doesn't find it productive to have to keep an eye on the printing done by the various agencies. I presume this was put in place initially because someone wanted to get a handle on printing. I think there is a lot of unbiased printing going on in this capitol. I'm wondering if anyone has ideas of how to bring some semblance of control under the paper deluge?

ENGMANN: OMB through the State Purchasing Office currently does monitor printing. Under current printing laws, agencies have authority to handle their own printing orders that would be under \$750. They have the authority to either bring them to the central duplicating office here, which is also part of OMB, or they may give them to a local printer. Printing orders over \$750 must be handled in 1 of 2 ways: 1) The State Purchasing Office must bid them out, or 2) They must bring it to Central Duplicating and have it printed in house. The invoices and contracts for those print jobs are already monitored. We feel it is a duplicate effort on OMB's part to have to review them a second time.

SENATOR SOLBERG: Do a lot of these changes come out of the performance audit at Central Purchasing?

ENGMANN: Yes.

SENATOR TOMAC: In sections 16 and 17. If we're unable to locate a manufacturer for starch-based bags, how do we know the bottom falls out?

ENGMANN: They were available for a time, but because of the poor performance no one makes them anymore.

SENATOR NETHING: Section 3 is going to remove the examination of printing contracts and invoices, who is going to do that?

ENGMANN: The only invoices and contracts for printing that would not be currently reviewed by either the state purchasing office because of the bidding process or work that is given to central duplicating to perform would be under \$750. We feel the agencies can monitor that.

AL JAEGER: Secretary of State, presented written testimony that was presented to the House. We were involved in the development of Section 3 of the bill, and we don't feel it will have an adverse impact on our office. So, from a financial standpoint, there will be revenue, but we have procedures in place to handle it. (testimony attached #2) (tape 1, A, 979-1050)

SENATOR NETHING: Paul, is this revenue accounted for any place?

PAUL KRAMER: (LC) It is already reflected in the budget status.

SENATOR TALLACKSON: Was this in the Governor's budget?

KRAMER: The general fund revenues weren't part of the Governor's budget, it was added in after the bill was passed by the House. But, the other funds part of this was included in Central Services budget when it was submitted, and that was in the Governor's budget.

SENATOR NETHING: Closed the hearing on engrossed HB 1170.

=====
3/8/99

tape 2, A, 3425-4055

SENATOR NETHING: Reopened the hearing on engrossed HB 1170 and called for the motion.

SENATOR HOLMBERG: Moved do pass engrossed HB 1170.

SENATOR TALLACKSON: Seconded the motion.

ROLL CALL: 14 yeas; 0 nays; 0 absent & not voting

MOTION CARRIED TO DO PASS ENGROSSED HB 1170.

CARRIER: Senator Wardner

Date: 3/8-99
Roll Call Vote #: 1

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1170

Senate APPROPRIATIONS Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken DO PASS

Motion Made By SENATOR HOLMBERG Seconded By SENATOR TALLACKSON

Senators	Yes	No	Senators	Yes	No
Senator Nething, Chairman	✓				
Senator Naaden, Vice Chairman	✓				
Senator Solberg	✓				
Senator Lindaas	✓				
Senator Tallackson	✓				
Senator Tomac	✓				
Senator Robinson	✓				
Senator Krauter	✓				
Senator St. Aubyn	✓				
Senator Grindberg	✓				
Senator Holmberg	✓				
Senator Kringstad	✓				
Senator Bowman	✓				
Senator Andrist	✓				

Total (Yes) 14 No 0

Absent 0

Floor Assignment SENATOR WARDNER

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
March 18, 1999 3:40 p.m.

Module No: SR-49-5138
Carrier: Wardner
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1170, as engrossed: Appropriations Committee (Sen. Nething, Chairman)
recommends **DO PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING).
Engrossed HB 1170 was placed on the Fourteenth order on the calendar.

1999 TESTIMONY

HB 1170

January 15, 1999

HOUSE GOVERNMENT & VETERANS AFFAIRS
HB 1170

CHAIRMAN KLEIN AND COMMITTEE MEMBERS:

My name is Jack McDonald. I'm appearing today on behalf of The North Dakota Newspaper Association. We SUPPORT **HB 1170** with the proposed amendment and respectfully urge that you give it a DO PASS.

OMB makes its purchases for the state through the use of vendor lists. It has a system where a potential vendor applies to supply goods in certain categories. Once approved, that business goes onto the appropriate vendor list. Then, when OMB needs to purchase 12 gross of widgets, for example, it puts out a request for bids to its widget vendor list.

While testifying before another committee earlier this week, we found there appeared to be a need for some method to allow new businesses, small businesses and businesses in rural North Dakota, a greater opportunity to do business with the state. Even some of the committee members said they didn't know how to get on a vendor list, or what lists there were.

We think this amendment will help get the word out about the vendor lists and will give OMB the chance to update its vendor lists. It will give more North Dakotans the opportunity to do business with the state, and will give the state a chance to do business with them.

We respectfully request your favorable consideration of the amendment and a **DO PASS** on the amended bill. If you have any questions, I'll be happy to answer them. THANK YOU FOR YOUR TIME AND CONSIDERATION.

PROPOSED AMENDMENT TO HB 1170

Page 10, after line 7, insert:

"5. The office of management and budget shall publish an advertisement approximately 3X10 SAU in size ^{semi-annually} ~~quarterly~~ in each official county newspaper generally describing the products involved and how an applicant can become an approved vendor."

Renumber accordingly.



SECRETARY OF STATE
STATE OF NORTH DAKOTA
600 EAST BOULEVARD AVENUE DEPT 108
BISMARCK ND 58505-0500

January 15, 1999

TO: Rep. Klein and Members – House Government and Veterans Affairs Committee

FR: Al Jaeger, Secretary of State

RE: HB 1170 – State Purchasing Practices – Section 14 – Subsection 3

Section 14 is the only portion of this bill that directly involves the Secretary of State. The purpose of my testimony is to go on record with the committee that my office was involved in the development of the language and procedures in subsection 3 and that we support it.

Personnel from Central Purchasing, OMB, the ND University System and my office met regularly since September of 1997 regarding the issues addressed in Section 14 of the bill. Although the University System was involved in the meetings, they have independent purchasing authority and will not be governed by the provisions of this subsection.

My office believes this section of the bill will do the following:

- Take the “guess-work” out of the purchasing process as it pertains to vendors and whether or not those vendors have fulfilled the provisions of state law requiring registration with the Secretary of State before conducting business within North Dakota.
- Make it easier for state agencies to comply with the requirements of state law.
- State agencies will be more responsible consumers on behalf of the state because they will be purchasing from vendors who have complied with the requirements of state law.
- Eliminate any waiting time in agencies awarding bids because a vendor needs to first complete a registration process with the Secretary of State.
- For the purposes of equity, it places out-of-state vendors under the same requirements as in-state vendors who have registration requirements with the Secretary of State.
- Because everyone will know the law up front, it hopefully will reduce stress for the Secretary of State’s office in attempting to expedite the needs of vendors and agencies in meeting the requirements of state law by needing it done yesterday.

H.B. 1170

Presented by: Linda Engmann, Director
OMB, Central Services Division

Before: Government and Veterans Affairs
Matthew Klein, Chairman

Date: January 15, 1999

TESTIMONY

Chairman Klein and members of the committee, my name is Linda Engmann. I am the Acting Director of Central Services Division, with the Office of Management and Budget.

This bill is lengthy and addresses several sections of the Century Code. I will very briefly summarize each of the sections and then answer your questions regarding any part of the bill.

Section 1 assures that purchases made by the director of the Division of Adult Services at the State Penitentiary are made according to state purchasing laws and rules.

Section 2 removes language referring to the Office of Management and Budget's authority to delegate the acquisition of buildings and land to the Department of Transportation. Buildings and land are currently exempt from purchasing statutes as stated in Chapter 54-44.4. The director of the Department of Transportation does not need specific delegated authority from OMB to make this type of purchase.

Section 3 removes the requirement that the Office of Management and Budget examine all printing contracts and invoices.

Section 4 removes the requirement that either the legislature or the Office of Management and Budget approves payment for all printing over \$750.

Section 5 removes the requirement that all state agencies send their purchase orders for printing to OMB for review.

Section 6 removes reference to the state printing agent. OMB has assumed the duties of the state printing agent .

Section 7 assures that all purchases made by the director of the State Radio Broadcasting System be made according to state purchasing laws and rules.

Section 8 removes references to the state purchasing and state printing agent. The duties of these agents have been assumed by OMB.

Section 9 requests authority for OMB as delegated to Surplus Property to buy certain types of federal property for redistribution to eligible recipients. This equipment is available through the General Services Administration at a fixed price. It is generally newer, better condition equipment not available to the state through the regular donation program. The property would then be made available to eligible recipients such as other state agencies, counties, cities, schools, and hospitals.

Section 10 addresses two issues. First, it requests authority for OMB to accept surplus property from political subdivisions for either redistribution to other eligible recipients or disposal by negotiated sale or public auction. It is not intended that it be mandatory for political subdivisions to provide their surplus property to OMB for disposal. Second, this section removes the requirement that the director of OMB approve all trade-ins of equipment.

Section 11 assures that purchases made by Information Services Division are made according to purchasing laws and rules.

Section 12 is also two-fold. First, it clarifies the exemption given in Chapter 54-44.4-02 to the Department of Transportation for the purchase of materials, equipment, and supplies. Secondly, it also allows OMB to purchase professional services when requested to do so by agencies. Under current statute, services are exempt from purchasing rules and agencies must do their own bidding. It is felt that a better service could be provided to agencies if, upon request, OMB could bid and award contracts for services on behalf of agencies.

Section 13 allows the designee of the director of OMB to delegate purchasing authority to state agencies. Currently, only the director may delegate this authority.

Section 14 creates a new section that requires vendors wanting to do business with the State of North Dakota be registered with the Secretary of State's Office. Currently, the requirement for prospective vendors to register applies only to those businesses that have a presence in the State. Businesses who only ship products into the State and do not have an office or personnel located in the State or who do not send personnel into the State to conduct business are not required to register. The Secretary of State's Office supports this section and will comment on it later.

Section 15 allows OMB to make multiple awards for term contracts. This would not only give agencies more options when buying certain commodities but to also buy those commodities at a contract price. An example of a multiple-award contract is computers.

Section 16 removes the requirement that a percentage of the garbage can liners purchased by all state agencies and institutions be starch based. The use of these liners is ineffective in that they deteriorate when left in the sun. When they are picked up, the bottom falls out and garbage is strewn everywhere. Also, the State Purchasing Office is unable to locate a manufacturer for these bags.

Section 17 removes the requirement that 80% of all paper products purchased by the state contain 25% recycled material. 80% is unattainable because recycled paper costs more and it does not work well in equipment such as printers and copiers.

Section 18 repeals Chapter 54-44-09. This chapter references compliance by OMB to the United States bureau of standards. It is not known what this is.

I would at this time like to offer an amendment to Section 12 of this bill. On Page 8, Line 2 remove the words "and 24-03-12". A copy of the amendment is attached to this testimony.

This concludes my testimony. I will be happy to answer any questions you may have.

TESTIMONY ON ENGROSSED H.B. 1170
Before the Senate Government and Veterans Affairs Committee
By Linda Engmann, Acting Director
OMB, Central Services Division

Chairman Krebsbach and members of the committee, my name is Linda Engmann. I am the Acting Director of Central Services Division, with the Office of Management and Budget.

This bill is lengthy and addresses several sections of the Century Code. I will very briefly summarize each of the sections and then answer your questions regarding any part of the bill.

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Section 6 removes reference to the state printing agent. OMB has assumed the duties of the state printing agent.

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Section 9 requests authority for OMB as delegated to Surplus Property to buy certain types of federal property for redistribution to eligible recipients. This equipment is available through the General Services Administration at a fixed price. It is generally newer, better condition equipment not available to the state through the regular donation

program. The property would then be made available to eligible recipients such as other state agencies, counties, cities, schools, and hospitals.

Section 10 addresses two issues. First, it requests authority for OMB to accept surplus property from political subdivisions for either redistribution to other eligible recipients or disposal by negotiated sale or public auction. It is not intended that it be mandatory for political subdivisions to provide their surplus property to OMB for disposal. Second, this section removes the requirement that the director of OMB approve all trade-ins of equipment.

Section 11 assures that purchases made by Information Services Division are made according to purchasing laws and rules.

Section 12 does 3 things. First, it clarifies the exemption given in Chapter 54-44.4-02 to the Department of Transportation for the purchase of materials, equipment, and supplies. Secondly, it also allows OMB to purchase professional services when requested to do so by agencies. Under current statute, services are exempt from purchasing rules and agencies must do their own bidding. It is felt that a better service could be provided to agencies if, upon request, OMB could bid and award contracts for services on behalf of agencies. Thirdly, it allows agencies to make authorized purchases using a procurement card.

Section 13 allows the designee of the director of OMB to delegate purchasing authority to state agencies. Currently, only the director may delegate this authority.

Section 14 creates a new section that requires vendors wanting to do business with the State of North Dakota be registered with the Secretary of State's Office. Currently, the requirement for prospective vendors to register applies only to those businesses that have a presence in the State. Businesses who only ship products into the State and do not have an office or personnel located in the State or who do not send personnel into the State to conduct business are not required to register. The Secretary of State's Office supports this section and will comment on it later.

Section 15 allows OMB to make multiple awards for term contracts. This would not only give agencies more options when buying certain commodities but to also buy those commodities at a contract price. An example of a multiple-award contract is computers. This section also exempts sealed bids from the open records law until they are opened.

Section 16 removes the requirement that a percentage of the garbage can liners purchased by all state agencies and institutions be starch based. The use of these liners is ineffective in that they deteriorate when left in the sun. When they are picked up, the bottom falls out and garbage is strewn everywhere. Also, the State Purchasing Office is unable to locate a manufacturer for these bags.

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Section 18 repeals Chapter 54-44-09. This chapter references compliance by OMB to the United States bureau of standards. It is not known what this is.

Section 19 requests an emergency clause for Section 15 of this bill in that it would allow the State Purchasing Office to award multiple contracts immediately upon passage rather than wait until the beginning of the biennium.

This concludes my testimony. I will be happy to answer any questions you may have.



SECRETARY OF STATE
STATE OF NORTH DAKOTA
600 EAST BOULEVARD AVENUE DEPT 108
BISMARCK ND 58505-0500

March 4, 1999

TO: Senator Krebsbach and Members – Senate Government and Veterans Affairs Committee
FR: Clara Jenkins, presented on behalf of Al Jaeger, Secretary of State
RE: HB 1170 – State Purchasing Practices – Section 14 – Subsection 3

Section 14 is the only portion of this bill that directly involves the Office of the Secretary of State. The purpose of this testimony is to go on record with the committee that our office was involved in the development of the language and procedures in subsection 3 and that we are in support of them.

Personnel from Central Purchasing, OMB, the ND University System, and the Secretary of State's office met regularly since September of 1997 regarding the issues addressed in Section 14. Although the University System was involved in the meetings, they have independent purchasing authority and will not be governed by the provisions of this subsection.

Our office believes Section 14 of the bill will do the following:

- Take the "guess-work" out of the purchasing process as it pertains to vendors and whether or not those vendors have fulfilled the provisions of state law requiring registration with the Secretary of State before conducting business within North Dakota.
- Make it easier for state agencies to comply with the requirements of state law.
- State agencies will be more responsible consumers on behalf of the state because they will be purchasing from vendors who have complied with the requirements of state law.
- Eliminate any waiting time in agencies awarding bids because a vendor needs to first complete a registration process with the Secretary of State.
- For the purposes of equity, it places out-of-state vendors under the same requirements as in-state vendors who have registration requirements with the Secretary of State.
- Because everyone will know the law up front, it hopefully will reduce stress for the Secretary of State's office in attempting to expedite the needs of vendors and agencies in meeting the requirements of state law by needing it done yesterday.

HB 1170 #1
3/16/99
Linda Engmann

TESTIMONY ON ENGROSSED H.B. 1170
Senate Appropriations Committee
By Linda Engmann, Acting Director
OMB, Central Services Division

Chairman Nething and members of the committee, my name is Linda Engmann. I am the Acting Director of Central Services Division of the Office of Management and Budget.

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Section 3 removes the requirement that the Office of Management and Budget examine all printing contracts and invoices.

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Section 9 requests authority for OMB as delegated to Surplus Property to buy certain types of federal property for redistribution to eligible recipients. This equipment is available through the General Services Administration at a fixed price. This is newer, better-condition equipment not available to the state through the regular donation program. This property would then be made available to eligible recipients such as other state agencies, counties, cities, schools, and hospitals.

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Section 17 removes the requirement that 80% of all paper products purchased by the state contain 25% recycled material. 80% is unattainable because recycled paper does not work well in equipment such as printers and copiers. It is also more expensive.

Section 18 repeals Chapter 54-44-09. This chapter references compliance by OMB to the United States bureau of standards. It is not known what this is.

Section 19 requests an emergency clause for Section 15 of this bill in that it would allow the State Purchasing Office to issue multiple-award contracts immediately upon passage.

This concludes my testimony. I will be happy to answer any questions you may have.