
DIGEST

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HB 554 Reengrossed

2017 Regular Session

Schroder

Abstract: Provides for the methods of obtaining online quotes and bids and reverse auctions for purchases made under the Public Bid Law and the Procurement Code.

Present law provides for the advertisement and letting to the lowest responsible bidder for purchases made under the Public Bid Law.

Present law requires purchases for materials or supplies of more than \$30,000 to be advertised and let to the lowest responsible bidder.

Present law requires purchases of \$10,000 or more, but less than \$30,000, to be made by getting no less than three phone or fax quotations. Requires the purchaser to obtain a written confirmation of the accepted offer.

Proposed law authorizes the purchaser to also use email or online quotations as a means of getting the three required quotations.

Proposed law further allows the purchaser to get the three required quotations exclusively online in a time and manner specified in the request if the purchaser provides written confirmation that no other methods of quotations will be accepted.

Proposed law authorizes any municipality or local government unit affiliate of the La. Municipal Assoc. to enter into agreements with the La. Municipal Advisory and Technical Services Bureau, a wholly owned subsidiary of the association, to act as its qualified group purchasing organization for the purchase of materials, equipment, and supplies.

Proposed law requires the group purchasing organization to submit a price list for the material, equipment, and supplies that is considered to be a valid and binding bid.

Proposed law provides that price lists submitted and agreements entered into pursuant to proposed law are public records available for public inspection.

Proposed law authorizes a parish to purchase materials, equipment, and supplies through the La. Municipal Advisory and Technical Services Bureau as a group purchasing organization.

Present law provides for certain purchases under the Public Bid Law using reverse auctions when the determination by a political subdivision procurement officer is made that the best interests of the

political subdivision would be served and that online bidding is more advantageous than other procurement methods.

Proposed law repeals the qualification that to use revenue auctions political subdivisions must determine that online bidding is more advantageous than other procurement methods.

Present law requires adequate public notice for purchases made by a political subdivision using a reverse auction, including that the notice be published two times in a newspaper.

Proposed law retains present law for adequate public notice on purchases of \$30,000 or more. Further requires that purchases of less than \$30,000 be published one time in a newspaper and in the La. Procurement and Contract Network. Provides that the newspaper advertisement or notice may contain a general description of the materials, supplies, or equipment sought and may refer to the full description of materials, supplies, or equipment sought, which shall be publicly accessible via electronic means.

Present law provides for the methods of procurement that a state entity can use for contracts and purchases under the Procurement Code.

Present law authorizes the use of reverse auctions for purchases made under the Procurement Code with the approval of the state chief procurement officer and the determination of the head of the agency making the procurement that the method would be more advantageous than other procurement methods.

Proposed law deletes the requirement that the head of the agency making the purchase make a determination that the reverse auction method is more advantageous than other procurement methods.

Proposed law further authorizes the use of reverse auctions for any monetary amount, including small purchases, which are currently purchases not exceeding \$25,000.

Present law requires the advertisement or notice of the purchase be published in the official journal of the state at least 20 days before the opening date of the reverse auction.

Proposed law changes the requirement regarding the advertisement or notice from 20 days before the opening of the reverse auction to conform with the requirement for public notice of sealed bidding or small purchases pursuant to present law in the Procurement Code.

Proposed law requires that for Fiscal Years 2017-2018 through 2019-2020, the office of state procurement shall use reverse auctions a minimum of 24 times per year and shall report annually on the use of the auctions and any savings achieved.

(Amends R.S. 38:2212.1(A)(1)(b) and 2271(A)(1), (B)(intro. para.), and (C) and R.S. 39:1600(D)(1), (2)(intro. para.), and (3); Adds R.S. 38:2212.1(O) and R.S. 39:1600(D)(4))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Appropriations to the original bill:

1. Add requirement that the La. Municipal Assoc. or the La. Municipal Advisory and Technical Services Bureau is subject to the same standards, responsibilities, and duties as apply to political subdivisions of the state in the award, execution, or administration of any public contract.
2. Delete change to the definition of "reverse auction" adding that the definition include public works that do not exceed the contract limit in present law.
3. Change the public notice requirement for purchases of political subdivisions using a reverse auction to provide separate requirements for purchases under \$30,000 and over \$30,000.
4. Change the public notice requirement for purchases of state agencies using a reverse auction to conform with requirements of sealed bidding or small purchases in present law.

The Committee Amendments Proposed by House Committee on House and Governmental Affairs to the engrossed bill:

1. Relative to purchases valued at \$10,000 or more but less than \$30,000, replace reference to a "bidder" with reference to an "offeror".
2. Remove provisions authorizing a municipality, local government affiliate of the La. Municipal Association, or a parish from purchasing materials, equipment, and supplies through the La. Municipal Association.
3. Remove the term "qualified" from description of the group purchasing organization.
4. Remove provisions providing that price lists submitted pursuant to proposed law are generally not public records and provide instead that price lists submitted and agreements entered into pursuant to proposed law are public records available for public inspection.
5. Remove definition of "La. Municipal Assoc." and "La. Municipal Advisory and Technical Services Bureau".
6. Remove the requirement that the La. Police Jury Assoc. endorse a cooperative agreement for a parish to purchase materials, equipment, and supplies through the La. Municipal Advisory and Technical Services Bureau.
7. Relative to purchases of materials, supplies, and equipment valued at less than \$30,000

by a political subdivision using a reverse auction, require advertisement in the newspaper and on the La. Procurement and Contract Network instead of advertisement in the newspaper or on the network.

8. Relative to such newspaper advertisement, add provisions providing that the advertisement may contain a general description of the materials, supplies, or equipment sought and may refer to a full description of materials, supplies, or equipment sought that is publicly accessible via electronic means.