

# SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based only on the provisions contained in the legislation as of the latest date listed below.)

**BILL:** CS/SB 1492

**SPONSOR:** Commerce and Economic Opportunities Committee and Senator Geller

**SUBJECT:** Information Technology

**DATE:** April 6, 2000                      **REVISED:** \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Schmeling</u>	<u>Maclure</u>	<u>CM</u>	<u>Favorable/CS</u>
2.	_____	_____	<u>GO</u>	_____
3.	_____	_____	<u>FP</u>	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

**I. Summary:**

This committee substitute would allow state agencies to accept bids and proposals by electronic means for the procurement of personal property and services. Invitations to bid and requests for proposals may also be published by electronic means.

The State Technology Office in the Department of Management Services is required under this committee substitute to develop a program for on-line auctions for the procurement of commodities and contractual services.

This committee substitute amends the following sections of the Florida Statutes: 287.012, 287.042, and 287.057.

**II. Present Situation:**

Chapter 287, F.S., provides the procedures for the state agencies to procure personal property and services. Currently, procurement of commodities and contractual services usually is conducted through the process of “competitive sealed bids” or “competitive sealed proposals.” These are defined by s. 287.012(5), F.S., as the “receipt of two or more sealed bids or proposals submitted by responsive and qualified bidders or offerors.”

Under 287.012(11), F.S., an “invitation to bid” is a written solicitation for competitive sealed bids with the title, date, and hour of the public bid opening being stated in the document. The invitation to bid also is required to define the type of commodity, group of commodities, or services for which bids are being sought. Subsection (15) of this section provides that a “request for proposals” is a written solicitation for competitive sealed proposals. The title, date, and hour of the public opening must be stated in the request.

Section 287.042, F.S., provides for the powers, duties, and functions of the Department of Management Services. This section specifically authorizes the department to enter into joint

agreements with governmental agencies for the purpose of pooling funds for the purchase of commodities, information technology resources, or services that can be used by multiple agencies. The department may consult with the State Technology Office on joint agreements that involve the purchase of information technology resources.

Any purchase price of commodities or contractual services that exceeds the purchasing CATEGORY TWO (\$25,000) must be made by competitive sealed bids or competitive sealed proposals, except as provided in s. 287.057(3), F.S.

The State of Pennsylvania has conducted several on-line auctions for the procurement of commodities under a pilot program. The Pennsylvania Department of General Services contracted with a private software vendor to conduct the auctions. The department conducted three on-line auctions under this program through the summer of 1999. The auctions involved the purchase of 2.4 million pounds of coiled aluminum for the manufacture of license plates, 31 lots of anthracite coal to heat state institutions and facilities, and 972,000 tons of road salt. The first on-line auction to supply aluminum for the license plates, and the second on-line auction to supply coal yielded very large dividends, with a total savings of \$942,000. (Retrieved from: [www.state.pa.us/PA\\_Exec/DCED/it-primer/e-comm/99-3-online-auction.htm](http://www.state.pa.us/PA_Exec/DCED/it-primer/e-comm/99-3-online-auction.htm) and [www.state.pa.us/PA\\_Exec/Lieutenant\\_Governor/prime/990527.html](http://www.state.pa.us/PA_Exec/Lieutenant_Governor/prime/990527.html))

### III. Effect of Proposed Changes:

This committee substitute amends s. 287.012, F.S., to provide that competitive sealed bids, competitive sealed proposals, invitations to bid, and requests for proposal include those that are transmitted electronically, in lieu of, or in addition to any written means of transmittal.

Section 287.042, F.S., is amended to required the department to consult with the State Technology Office on joint agreements that involve the purchase of information technology resources.

Section 287.057(3), F.S., is amended to allow the office, or an agency when authorized by the office, to purchase information technology or information technology services by negotiation rather than competitive sealed bids or proposals.

The committee substitute also creates a new subsection (22) in s. 282.057, F.S., that requires the State Technology Office to develop a program for on-line auctions for the procurement of commodities and contractual services. It provides that only bidders that have pre-qualified may participate in the on-line auction. The committee substitute allows the State Technology Office to contract for equipment and services necessary to implement an on-line auction. The office is authorized to adopt rules to implement the program for on-line auctions.

This committee substitute is effective upon becoming a law.

**IV. Constitutional Issues:****A. Municipality/County Mandates Restrictions:**

None.

**B. Public Records/Open Meetings Issues:**

None.

**C. Trust Funds Restrictions:**

None.

**V. Economic Impact and Fiscal Note:****A. Tax/Fee Issues:**

None.

**B. Private Sector Impact:**

None.

**C. Government Sector Impact:**

The State Technology Office may realize costs in developing the capability to conduct the state's procurement and on-line auctions through electronic means.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Amendments:**

None.