

**STORAGE NAME:** h2053.uco

**DATE:** March 17, 2000

**HOUSE OF REPRESENTATIVES  
COMMITTEE ON  
Committee on Utilities & Communications  
ANALYSIS**

**BILL #:** HB 2053 (PCB UCO 00-02)

**RELATING TO:** Electronic procurement

**SPONSOR(S):** Committee on Utilities and Communications and Rep. Rojas

**TIED BILL(S):**

**ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:**

- (1) UTILITIES AND COMMUNICATIONS YEAS 10 NAYS 0
  - (2)
  - (3)
  - (4)
  - (5)
- 

**I. SUMMARY:**

State procurement of personal property and services is governed by chapter 287, Florida Statutes. Part I of that chapter provides for the competitive bidding and competitive proposals for procurement of commodities and contractual services. Currently, there is no specific authority for procurement using electronic means, including online auctions.

This bill would allow agencies to accept bids and proposals by electronic means. It provides that invitations to bid and requests for proposals also may be published by electronic means.

It requires the State Technology Office in the Department of Management Services to develop a program for online auctions for the procurement of commodities and contractual services. It provides rulemaking authority for the office to implement the program.

There would be a fiscal impact on the office to implement this program, either by developing the program to conduct the auctions or by contracting with a private vendor to conduct them. It is estimated that the state would save money through the use of electronic means to procure commodities and contractual services.

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- |                                   |                              |                             |   |
|-----------------------------------|------------------------------|-----------------------------|---|
| 1. <u>Less Government</u>         | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. <u>Lower Taxes</u>             | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. <u>Individual Freedom</u>      | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. <u>Personal Responsibility</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. <u>Family Empowerment</u>      | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

B. PRESENT SITUATION:

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

An "invitation to bid" is a written solicitation for competitive sealed bids pursuant to s. 287.012(11), Florida Statutes, 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 that 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.

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), Florida Statutes.

The State of Pennsylvania has conducted several online 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 online 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. According to a representative of the software vendor, the state is looking into the feasibility of conducting auctions for contractual services.

**C. EFFECT OF PROPOSED CHANGES:**

This bill amends s. 287.012, Florida Statutes, to allow agencies to receive bids and proposals by electronic means. It also allows agencies to provide that written invitations to bid and requests for proposals include bids and proposals published or transmitted by electronic means.

Section 287.057(3), Florida Statutes, is amended to allow the State Technology Office or an agency to purchase information technology or information technology services by negotiation rather than competitive sealed bids or proposals.

The bill also creates a new subsection (22) in s. 282.057, Florida Statutes, that requires the State Technology Office in the Department of Management Services to develop a program for online auctions for the procurement of commodities and contractual services. It provides that only bidders that have pre-qualified may participate in the online auction. The bill allows the State Technology Office to contract for equipment and services necessary to implement an online auction.

The State Technology Office is authorized to adopt rules to implement the program for online auctions.

**D. SECTION-BY-SECTION ANALYSIS:**

Please see "Effect of Proposed Changes" section.

**III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:**

**A. FISCAL IMPACT ON STATE GOVERNMENT:**

1. Revenues:

The State of Pennsylvania has estimated that it has saved over \$3.7 million in its first three online auctions.

2. Expenditures:

The State Technology Office would have to expend funds to develop the capability to conduct the state's procurement and online auctions through electronic means.

**B. FISCAL IMPACT ON LOCAL GOVERNMENTS:**

1. Revenues:

N/A

2. Expenditures:

N/A

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C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

N/A

D. FISCAL COMMENTS:

N/A

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to spend funds or to take an action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce the authority that municipalities or counties have to raise revenues in the aggregate.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

This bill does not reduce the percentage of a state tax shared with counties or municipalities.

V. COMMENTS:

A. CONSTITUTIONAL ISSUES:

N/A

B. RULE-MAKING AUTHORITY:

This bill authorizes the State Technology Office to adopt rules to implement a program for online auctions. It provides that the rules must include provisions:

- determining the requirements and qualification criteria for pre-qualifying bidders;
- establishing the procedures for conducting the online auction;
- establishing the criteria for eligible commodities and contractual services; and
- establishing the procedures for providing access to online auctions.

C. OTHER COMMENTS:

N/A

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VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

N/A

VII. SIGNATURES:

COMMITTEE ON Committee on Utilities & Communications:

Prepared by:

Staff Director:

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Patrick L. "Booter" Imhof

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