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Idaho State Legislature

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MEMORANDUM

TO: Rules Review Subcommittee of the Senate State Affairs Committee and the House State Affairs Committee

FROM: Senior Legislative Research Analyst - Ryan Bush

DATE: October 1, 2014

SUBJECT: Department of Administration - Division of Purchasing

IDAPA 38.05.01 - Rules of the Division of Purchasing - Proposed Rule (Docket No. 38-0501-1401)

The Department of Administration - Division of Purchasing submits notice of proposed rulemaking at IDAPA 38.05.01 - Rules of the Division of Purchasing. The Division states that this rulemaking clarifies the processes of state agency purchasing and addresses new processes for high dollar service contracts and for contract administration and management. Specifically, this rulemaking does the following:

- (1) Defines a high dollar service contract as one in excess of five million dollars;
- (2) Revises procedures for solicitations, specifically for the sealed procedure limit and agency procurement contacts;
- (3) Creates special procedures for high dollar service contracts including, but not limited to, third party validation, an oversight board, training, project management, reporting requirements and an agreement between the requisitioning agency and the Division on roles and responsibilities;
- (4) Revises the terms, procedures and limitations for small purchases;
- (5) Provides for how tie responses are ranked;
- (6) Provides that the administrator may authorize and negotiate price agreements with vendors when in the best interest of the state and provides instances when such agreements are not in the best interest of the state;
- (7) Removes provisions relating to time purchase contracts;
- (8) Lists prohibited contract terms and contract terms that require special consideration; and
- (9) Requires an individual contract manager for a service contract that meets or exceeds the sealed procedure limit and provides limitations on contract renewals and extensions.

The Division states that negotiated rulemaking was conducted and Notice of Intent to Promulgate Rules - Negotiated Rulemaking was published in the June edition of the Idaho Administrative Bulletin. According to

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the Division, the fiscal impact associated with this rulemaking will be an estimated \$245,800 annually for the expansion of the training program at the Division and that there will be a fiscal impact for individual agencies for the proposed oversight procedures for high dollar contracts.

The proposed rule appears to be within the statutory authority granted to the Division in Sections 67-5717 and 67-5732, Idaho Code.

cc: Department of Administration - Div. of Purchasing
Teresa Luna