



**Colorado
Legislative
Council
Staff**

HB17-1051

**FINAL
FISCAL NOTE**

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 17-0673 **Date:** May 16, 2017
Prime Sponsor(s): Rep. Rankin; Garnett **Bill Status:** Signed into Law
 Sen. Coram; Kerr **Fiscal Analyst:** Kori Donaldson (303-866-4976)

BILL TOPIC: PROCUREMENT CODE MODERNIZATION

Fiscal Impact Summary	FY 2017-2018	FY 2018-2019
State Revenue		
State Expenditures	Potential decrease in expenditures. Increase in workload.	
Appropriation Required: None.		
Future Year Impacts: Ongoing potential decrease in expenditures and increase in workload.		

Summary of Legislation

The bill makes a number of changes to the laws concerning the state procurement code. The procurement code governs the purchase of goods and services by most public entities in Colorado. Many of the changes in the bill codify, clarify, or simplify existing practice. Specifically, the bill:

- modernizes the language used to refer to different aspects of the procurement process;
- moves parts of the code into rule and makes the rule making process permissive in most instances;
- adds the Request for Information (RFI) process to the code;
- extends the code of ethics to all individuals involved in the procurement process;
- clarifies the applicability of the Colorado Open Records Act to different stages of the procurement process;
- adds to the list of allowable purchasing activity exemptions;
- limits or repeals some reporting requirements;
- reorganizes the code to group like statutes together;
- updates the allowable administrative remedies;
- formalizes the role of the Office of Administrative Courts within the Department of Personnel and Administration (DPA) to hear appeals to administrative rulings made by the State Procurement Officer;
- increases allowable cooperative purchasing activities; and
- clarifies the exclusion of certain procurement activities from the code when these activities are funded through federal grants.

Background

The state procurement code is designed to ensure the fair treatment of people seeking to do business with the state, to foster broad-based competition through a bidding process, and to save money on purchases made with state funds. The procurement code has not been comprehensively reviewed since its adoption in 1982. Likewise, the procurement rules, which are required by the procurement code, have not been comprehensively reviewed or updated since they were established in 1993. The administration of the procurement code and rules is overseen by the State Procurement Officer within the Office of State Purchasing and Contracts in DPA.

Stakeholder involvement. House Bill 16-1451 directed DPA to convene a working group to meet during the 2016 interim between legislative sessions to study ways to improve the state procurement code. The group was required to solicit input from subject matter experts and to submit recommendations for modifications to the procurement code to the General Assembly on or before December 31, 2016. The findings of the working group are reflected in the bill.

State Expenditures

The bill may reduce state expenditures to the extent that changes made to the procurement code lead to lower-priced contracts for some goods and services. For instance, increasing allowable cooperative purchasing activities could lead to cost savings on some goods and services.

The bill increases workload in the State Purchasing and Contracts Office for rule making, to train individuals involved in the procurement process, and to provide guidance to vendors. The workload increase can be accomplished within existing appropriations. DPA currently employs a full-time trainer in the State Purchasing and Contracts Office.

Other departments may also experience a change in workload as a result of the bill; these workload increases can be accomplished within existing appropriations.

Local Government and Statutory Public Entity Impact

To the extent that local governments and statutory public entities follow state procurement rules, the bill may create corresponding reductions in expenditures and increases in workload, as described in the State Expenditures section.

Effective Date

The bill takes was signed into law by the Governor on April 4, 2017, and takes effect August 9, 2017, assuming no referendum petition is filed.

State and Local Government Contacts

All State Agencies