

MINUTES
HOUSE COMMERCE & HUMAN RESOURCES COMMITTEE

DATE: Thursday, January 23, 2014

TIME: 1:30 P.M.

PLACE: Room EW05

MEMBERS: Chairman Hartgen, Vice Chairman Anderson(31), Representatives Loertscher, Anderst, Hancey, Harris, Holtzclaw, Mendive, Romrell, VanOrden, King, Woodings

**ABSENT/
EXCUSED:** Representative Loertscher

GUESTS: Paul Spannkebel and Greg Kunz, Department of Health and Welfare; Sarah Hilderbrand, Department of Administration; Dennis Stevenson, Department of Administration

Chairman Hartgen called the meeting to order at 1:31 p.m.

MOTION: **Rep. Mendive** made a motion to approve the minutes of January 21, 2014. **Motion carried by voice vote.**

RS 22366: **Bill Burns**, Division of Purchasing in the Department of Administration, presented **RS 22366**. He explained that in 2013, the Idaho Legislature directed the Division of Purchasing to improve the development, management and reporting of contracts and to train agency staff in the contract management process. Mr. Burns said questions have arisen about the authority of the Division to implement the Legislature's directives through rule. This legislation would clarify that the Division is able to establish rules to implement directives. Rules would be issued through the regular administrative rules process, would include a review by the Idaho Legislature, and would only apply to those agencies subject to the processes of the Division.

Responding to questions, **Mr. Burns** said currently the Division does set policy and conducts purchasing processes in accordance with existing rules in Statute. Any rules put into place upon approval of this legislation would be brought back to the Idaho Legislature for their review at the 2015 legislative session. The Division of Purchasing holds monthly meetings with their partner agencies and would ask for and consider the input of those agencies during rulemaking. The requested language in **RS 22366** seeks to provide clarity.

MOTION: **Rep. Hancey** made a motion to introduce **RS 22366**. **Motion carried by voice vote.**

RS 22368: **Bill Burns**, Division of Purchasing in the Department of Administration, presented **RS 22368**. He said that Idaho's original printing law was established in 1903 under Idaho Code 60-101 and 60-103. As this section of Code is more than 110 years old, it does not take into account certain printing needs that take place today. Recently, in response to a vendor challenge, the Department of Administration appointed a determinations officer to review a large procurement for the production and mailing of the Department of Health and Welfare's benefit notices. A review found that state agencies cannot evaluate the quality of offered printing or associated services when a component of the purchase involves printing. The agency must award the contract based only on price. This is a problem in procurements where poor quality of the printing or the associated services could result in costly damages to the state agency. Mr. Burns said if the vendor violates HIPAA privacy laws in producing or mailing a notice for Medicaid benefits, the Department of Health and Welfare is subject to substantial penalties. **RS 22368** addresses mixed services and printing.

When an acquisition involves only printing, binding, engraving or stationery work, Idaho vendors would be awarded the contract unless the exceptions identified in the printing provisions apply. Where an acquisition is for a mix of services and printing, the process followed for all other procurements would be followed.

In response to questions, **Mr. Burns** said when the Division solicits a proposal from a vendor, the vendor's technical capabilities and ability to meet the state's needs are weighed and scored. All contracts between the Division and vendors contain a clause allowing the job to be rejected if it does not meet quality standards. Over the last six years, the Division awarded 92 contracts. Sixty-two were in state, 28 were out of state. Only six of the 92 contracts were awarded based on preference law. It is possible that if this proposed legislation is enacted, the state could see an increased cost in certain contracts, because printing costs are not as critical as ensuring that correct notices go to correct parties in a correct manner. Mr. Burns said the vendor challenge mentioned in his testimony is currently moot. No vendors have reviewed this concept. He would be happy to hear public testimony from vendors during a bill hearing.

Rep. Harris stated he would like to see a change to the Fiscal Note. **Rep. King** stated there is another change that could be made to the Statement of Purpose.

Chairman Hartgen consulted with **Dennis Stevenson**, Administrative Rules Coordinator for the Department of Administration, who indicated the changes can be made without impacting the introduction of the RS, because neither the Fiscal Note nor Statement of Purpose are actually part of the proposed legislation.

MOTION: **Rep. Romrell** made a motion to introduce **RS 22368**. **Motion carried by voice vote.**

ADJOURN: There being no further business to come before the committee, the meeting was adjourned at 2:03 p.m.

Representative Hartgen
Chair

Mary Tipps
Secretary