

MINUTES  
**HOUSE COMMERCE & HUMAN RESOURCES COMMITTEE**

**DATE:** Tuesday, March 01, 2016

**TIME:** 1:30 P.M.

**PLACE:** Room EW05

**MEMBERS:** Chairman Hartgen, Vice Chairman Anderson, Representatives Harris, Holtzclaw, Romrell, Chaney, Horman, Nielsen, Packer, Redman, King, Chew, Rudolph

**ABSENT/  
EXCUSED:** Representatives Chaney, Nielsen

**GUESTS:** Kent Kunz, Idaho State University; Stacy Pearson, Boise State University

**Chairman Hartgen** called the meeting to order at 1:31 P.M.

**MOTION:** **Rep. Redman** made a motion to approve the minutes of the February 25, 2016 meeting. **Motion carried by voice vote.**

**H 538:** **Rep. Anderson** presented **H 538**. This legislation has been put forth by the interim committee. The state of Idaho issues over 40,000 contracts, and spends around 1.5 billion dollars every year for goods and services. This legislation will update terms. The main change in terms is using the word procurement instead of purchasing, which is a broader word that means the gathering of services. The legislation recodifies the code so the laws of purchasing are all in one area. This legislation implements oversight of contracts. This will also establish a system to track goods and services in a state contract as per the terms of the contract. The legislation will also establish training for people who issues these contracts. The Division of Purchasing will promulgate rules to make sure the intent of the law is carried out. In regards to open contracts, this legislation will provide a provision that an agency can apply for a exception if a local contract produces a better offer. Universities need to buy on open contracts but their provision in current law establishes their own purchasing process and they aren't required to go through the Division of Purchasing. The intent of the fiscal note is intended to cover expenses for training and the cost for experts to oversee contracts.

In response to committee questions, **Rep. Anderson** explained the fiscal note is an educated estimate. If a department wants the contract issued through the Department of Purchasing they can do that at no cost, but for state contracts there is a small fee. The legislation also specifies if a department issues a contracts for 1.5 million or more they report it to the legislature.

**Elizabeth Bowen**, Legislative Services Office, stated a lot of what is in this bill is existing recodified law. This legislation rewords laws to make them easy to read and understand. It explains delegation of authority, and established terms and conditions. The delegation of authority could be given authority to an agency not just an individual within the agency. Training would be required for everyone in the state who has procurement duties. State procurement can take up to 1/3 of the states expenditures annually so the committee wanted to make sure everyone involved in the procurement process has sufficient training. Currently Idaho Law does not give the administrator for the Division of Purchasing flexibility to grant exceptions when it is reasonable, this legislation would change that. This legislation would give more flexibility to institutions of higher education when purchasing or entering into open contracts because they typically don't have an area of focus when it comes to purchasing. This legislation will also have an ethics statute so

it clearly lays out the expected conduct, and what constitutes a breach and what penalties for a breach would be.

In response to committee questions, **Ms. Bowen** explained the types of contracts that will require a 3rd party oversight. The process for delivering a legislative report to the legislature would be to deliver a report to the Speaker of the House on first legislative day of the session. There will be monitoring on the flexibility for exemptions for purchasing instead of using open contracts. The appeals statute will not be changed this year but may be addressed next year.

**Kent Kunz**, Director of Government Relations, Idaho State University stated he is **in support** of **H 538**. He believes this legislation will save the University money. Universities are apart of a community where local businesses employ the University's students and graduates so they would very much like to do business with them at an equal or lower price.

**Stacy Pearson**, Chief Financial Officer, Boise State University, testified **in support** of this legislation. This legislation will assist in helping manage tight budgets, and save grant funds. This legislation will give universities the flexibility they need.

**Dan Goicoechea**, Chief Deputy Controller, Idaho State Controllers Office, testified **in support** of this legislation but highlighted that the rules may have areas of concern for them.

**MOTION:** **Rep. Packer** made a motion to send **H 538** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Anderson** will sponsor the bill on the floor.

**HCR 48:** **Rep. Anderson** presented **HCR 48** which would authorize the Purchasing Laws Interim Committee to continue its work for the upcoming year.

**MOTION:** **Rep. Horman** made a motion to send **HCR 48** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Anderson** will sponsor the bill on the floor.

There being no further business to come before the committee, the meeting was adjourned at 3:02 P.M.

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Representative Hartgen  
Chair

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Chelsea Cantrell  
Secretary