

# House Study Bill 508

HOUSE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
GOVERNMENT OVERSIGHT BILL  
BY CHAIRPERSON ALONS)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to state bidding requirements for purchases.  
2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
3 TLSB 5442HC 81  
4 jr/gg/14

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1 1 Section 1. Section 8.6, Code 2005, is amended by adding  
1 2 the following new subsection:  
1 3 NEW SUBSECTION. 15. MASTER CONTRACT FILE. To maintain a  
1 4 file, open to public inspection, containing the documentation  
1 5 provided by state agencies to support the use of master  
1 6 contracts with terms in excess of five years.  
1 7 Sec. 2. Section 8A.311, subsection 1, paragraph a, Code  
1 8 Supplement 2005, is amended to read as follows:  
1 9 a. All equipment, supplies, or services procured by the  
1 10 department and each state agency shall be purchased by a  
1 11 competitive bidding procedure as established by rule.  
1 12 However, the To the extent practicable the rules shall be  
1 13 substantially similar to the 2000 model procurement code for  
1 14 state and local governments. The director may exempt by rule  
1 15 purchases of noncompetitive items and purchases in lots or  
1 16 quantities too small to be effectively purchased by  
1 17 competitive bidding. The rules may include the use of a  
1 18 master contract; however, the term of a master contract shall  
1 19 be no longer than five years unless a longer term is  
1 20 determined, in the sole discretion of the department, to  
1 21 provide a greater fiscal savings. Documentation supporting  
1 22 that determination shall be provided to the department of  
1 23 management, which shall maintain the documentation in a master  
1 24 contract file. A master contract shall not be extended beyond  
1 25 the specified term unless a competitive bidding process is  
1 26 used. Any master contract in effect on July 1, 2006, may be  
1 27 extended beyond the term of the master contract as expressly  
1 28 provided by the terms of the master contract; however, that  
1 29 extension may be for no longer than three years. Preference  
1 30 shall be given to purchasing Iowa products and purchases from  
1 31 Iowa-based businesses if the Iowa-based business bids  
1 32 submitted are comparable in price to bids submitted by out-  
1 33 of-state businesses and otherwise meet the required  
1 34 specifications. If the laws of another state mandate a  
1 35 percentage preference for businesses or products from that  
2 1 state and the effect of the preference is that bids of Iowa  
2 2 businesses or products that are otherwise low and responsive  
2 3 are not selected in the other state, the same percentage  
2 4 preference shall be applied to Iowa businesses and products  
2 5 when businesses or products from that other state are bid to  
2 6 supply Iowa requirements.  
2 7 Sec. 3. Section 216B.3, subsection 12, unnumbered  
2 8 paragraph 1, Code 2005, is amended to read as follows:  
2 9 Manage and control the property, both real and personal,  
2 10 belonging to the department. Equipment, supplies, or services  
2 11 procured by the commission shall be purchased through a  
2 12 competitive bidding procedure as established by rule. To the  
2 13 extent practicable, the rules shall be substantially similar  
2 14 to the 2000 model procurement code for state and local  
2 15 governments. However, the commission may exempt by rule  
2 16 purchases of noncompetitive items and purchases in lots or  
2 17 quantities too small to be effectively purchased by  
2 18 competitive bidding. The rules shall provide that  
2 19 architectural and engineering services shall be procured on

2 20 the basis of bidder competence and reasonable price and shall  
2 21 not be based on competitive bidding. The rules may include  
2 22 the use of a master contract; however, the term of a master  
2 23 contract shall be no longer than five years unless a longer  
2 24 term is determined, in the sole discretion of the commission,  
2 25 to provide a greater fiscal savings. Documentation supporting  
2 26 that determination shall be provided to the department of  
2 27 management, which shall maintain that documentation in a  
2 28 master contract file. A master contract shall not be extended  
2 29 beyond the specified term unless a competitive bidding process  
2 30 is used. Any master contract in effect on July 1, 2006, may  
2 31 be extended beyond the term of the master contract as  
2 32 expressly provided by the terms of the master contract;  
2 33 however, that extension may be for no longer than three years.

2 34 PARAGRAPH DIVIDED. The commission shall, according to the  
2 35 schedule established in this subsection, when the price is  
3 1 reasonably competitive and the quality as intended, purchase  
3 2 soybean-based inks and plastic products with recycled content,  
3 3 including but not limited to plastic garbage can liners. For  
3 4 purposes of this subsection, "recycled content" means that the  
3 5 content of the product contains a minimum of thirty percent  
3 6 postconsumer material.

3 7 Sec. 4. Section 262.9, Code Supplement 2005, is amended by  
3 8 adding the following new subsection:

3 9 NEW SUBSECTION. 3l. Require, to the extent practicable,  
3 10 that all equipment, supplies, or services procured by all  
3 11 institutions under the jurisdiction of the board be purchased  
3 12 through a competitive bidding procedure as established by  
3 13 rule. To the extent practicable, the rules shall be  
3 14 substantially similar to the 2000 model procurement code for  
3 15 state and local governments. However, the secretary may  
3 16 exempt by rule purchases of noncompetitive items and purchases  
3 17 in lots or quantities too small to be effectively purchased by  
3 18 competitive bidding. The rules shall provide that  
3 19 architectural and engineering services shall be procured on  
3 20 the basis of bidder competence and reasonable price and shall  
3 21 not be based on competitive bidding. The rules may include  
3 22 the use of a master contract; however, the term of a master  
3 23 contract shall be no longer than five years unless a longer  
3 24 term is determined, in the sole discretion of the purchasing  
3 25 authority, to provide a greater fiscal savings. Documentation  
3 26 supporting that determination shall be provided to the  
3 27 department of management, which shall maintain that  
3 28 documentation in a master contract file. A master contract  
3 29 shall not be extended beyond the specified term unless a  
3 30 competitive bidding process is used. Any master contract in  
3 31 effect on July 1, 2006, may be extended beyond the term of the  
3 32 master contract as expressly provided by the terms of the  
3 33 master contract; however, that extension may be for no longer  
3 34 than three years.

3 35 Sec. 5. Section 307.21, subsection 4, paragraph a, Code  
4 1 2005, is amended to read as follows:

4 2 a. Provide centralized purchasing services for the  
4 3 department, in cooperation with the department of  
4 4 administrative services. Equipment, supplies, or services  
4 5 procured by the department shall be purchased through a  
4 6 competitive bidding procedure as established by rule. To the  
4 7 extent practicable, the rules shall be substantially similar  
4 8 to the 2000 model procurement code for state and local  
4 9 governments. However, the administrator may exempt by rule  
4 10 purchases of noncompetitive items and purchases in lots or  
4 11 quantities too small to be effectively purchased by  
4 12 competitive bidding. The rules shall provide that  
4 13 architectural and engineering services shall be procured on  
4 14 the basis of bidder competence and reasonable price and shall  
4 15 not be based on competitive bidding. The rules may include  
4 16 the use of a master contract; however, the term of a master  
4 17 contract shall be no longer than five years unless a longer  
4 18 term is determined, in the sole discretion of the  
4 19 administrator, to provide a greater fiscal savings.  
4 20 Documentation supporting that determination shall be provided  
4 21 to the department of management, which shall maintain that  
4 22 documentation in a master contract file. A master contract  
4 23 shall not be extended beyond the specified term unless a  
4 24 competitive bidding process is used. Any master contract in  
4 25 effect on July 1, 2006, may be extended beyond the term of the  
4 26 master contract as expressly provided by the terms of the  
4 27 master contract; however, that extension may be for no longer  
4 28 than three years.

4 29 PARAGRAPH DIVIDED. The administrator shall, when the price  
4 30 is reasonably competitive and the quality as intended,

4 31 purchase soybean-based inks and plastic products with recycled  
4 32 content, including but not limited to plastic garbage can  
4 33 liners, and shall purchase these items in accordance with the  
4 34 schedule established in section 8A.315. However, the  
4 35 administrator need not purchase garbage can liners in  
5 1 accordance with the schedule if the liners are utilized by a  
5 2 facility approved by the environmental protection commission  
5 3 created under section 455A.6, for purposes of recycling. For  
5 4 purposes of this subsection, "recycled content" means that the  
5 5 content of the product contains a minimum of thirty percent  
5 6 postconsumer material.

5 7 EXPLANATION

5 8 This bill establishes a general policy for state executive  
5 9 branch agencies that equipment, supplies, or services procured  
5 10 by the state shall be purchased using a competitive bidding  
5 11 procedure, which is substantially similar to the 2000 model  
5 12 procurement code for state and local governments. However,  
5 13 architectural and engineering services shall be obtained on  
5 14 the basis of competence and price instead of a competitive  
5 15 bid. The bill also provides, as a general principle, that a  
5 16 master contract may be in effect for only five years.  
5 17 However, a longer term may be provided for if the agency  
5 18 determines, in its sole discretion, that it would provide  
5 19 greater savings. Documentation that supports this  
5 20 determination must be provided to the department of  
5 21 management, which shall maintain that documentation in a  
5 22 central file available for public inspection. The bill does  
5 23 not grant the department approval authority over these  
5 24 contracts. The bill contains a grandfather clause for master  
5 25 contracts in effect on July 1, 2006. These contracts may be  
5 26 extended as expressly provided in the contract, but for no  
5 27 longer than three years beyond the normal term of the master  
5 28 contract.

5 29 A master contract is generally an agreement with a vendor  
5 30 to sell a good or a service at a specified price, and allows  
5 31 any number of individual sales at that price, usually to any  
5 32 state agency.

5 33 LSB 5442HC 81

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