# Local Mandate Fiscal Impact Estimate Kentucky Legislative Research Commission 2015 Regular Session

#### **Part I: Measure Information**

Bill Request #: _367	
Bill #: HB 195 GA	<u>.                                    </u>
Bill Subject/Title:	AN ACT relating to procurement.
Sponsor: Representative Mike Denham	
Unit of Government:	XCityXCountyXUrban-CountyXCharter CountyXConsolidated LocalXGovernment
Office(s) Impacted:	Any governmental entity purchasing materials, supplies, equipment or nonprofessional services in excess of \$20,000
Requirement: X	Mandatory Optional
Effect on Powers & Duties:	Modifies Existing New Eliminates Existing

### **Part II: Purpose and Mechanics**

Adoption of the provisions of KRS 45A.345 to 45A.460 of the Kentucky Model Procurement Code is voluntary for local governments. About thirty percent of cities adopted the subject provisions, typically larger cities with frequent purchases (similar data is not available for counties). Localities that did not adopt the subject provisions are governed by KRS 424.260.

HB 195 GA amends KRS 45A.343, 45A.380, and 45A.425; respectively, to clarify that the localities which have adopted the subject provisions of the Kentucky Model Procurement Code may allow other statutes to govern purchasing; that materials and equipment at reduced prices may be purchased through noncompetitive negotiation; and that a city may dispose of surplus property. The bill revises KRS 82.083 to provide more options for disposal of said surplus property (including allowing direct sale if the surplus property is valued at \$5,000 or less and allowing the Finance and Administration Cabinet to sell the surplus property for the city).

HB 195 GA modifies KRS 45A.420 to allow the localities which have adopted the subject provisions of the Kentucky Model Procurement Code to negotiate pricing

agreements for supplies and materials with local agencies, public universities, and public purchasing units outside of Kentucky (if there isn't a vendor in Kentucky). Currently KRS 45A.420 only allows for pricing agreements with the Commonwealth of Kentucky.

HB 195 GA revises KRS 45A.494 (another section of the Model Procurement Code) to remove reciprocal preference statutes from advertisements for bids and KRS 424.260 to exempt the purchase of materials, supplies, equipment, or professional services from another public agency or political subdivision of the state from advertising requirements.

## Part III: Fiscal Explanation, Bill Provisions, and Estimated Cost

## Implementation of HB 195 GA may result in minimal savings to localities.

The proposed amendments to KRS 45A.343, 45A.380, and 45A.420 may result in minimal savings to the localities which have adopted the subject provisions of the Kentucky Model Procurement Code. The proposed amendments to KRS 45A.425 and 82.083 may result in minimal savings to the *cities* which have adopted the subject provisions of the Kentucky Model Procurement Code. Localities that did not adopt the subject provisions of the Kentucky Model Procurement Code may experience minimal savings with the proposed revision to KRS 424.260. All localities are required to comply with KRS 45A.494 and may experience minimal savings with the proposed change to that statute.

**Data Source(s):** Kentucky League of Cities (KLC); Kentucky Association of Counties

(KACo)

Preparer: Katherine L. Halloran Reviewer: MCY Date: 2/24/15