

February 20, 1998

ENGROSSED HOUSE BILL No. 1139

DIGEST OF HB1139 (Updated February 17, 1998 12:13 pm - DI 71)

Citations Affected: IC 4-13; IC 5-22.

Synopsis: Public purchasing. Makes the following changes to the public purchasing statute: (1) Permits the award of contracts by lines or classes of supplies or services contained in a solicitation. (2) Provides that a purchasing agent may award a contract for an unspecified number of items at a fixed price per unit. Permits use of a formula for escalation of the unit price. (3) Permits small purchases to be made using a quotation procedure for purchases of at least \$25,000 but not more than \$75,000 (4) Permits a purchasing agent to make a special purchase from a public utility if the purchase or lease price is a negotiated price that considers the results of two independent appraisals. (5) Permits the purchasing agent for a board of aviation commissioners or an airport authority to make a special purchase for petroleum products for resale to the public. (6) Permits a county to award sand, gravel, asphalt paving materials, or crushed stone contracts
(Continued next page)

Effective: July 1, 1998.

Scholer, Kruzan, Porter, Goeglein

(SENATE SPONSORS — MEEKS, SKILLMAN, BLADE, R. YOUNG)

January 8, 1998, read first time and referred to Committee on Economic Growth and Regulatory Relief.

January 21, 1998, amended, reported — Do Pass.

January 26, 1998, read second time, ordered engrossed.

January 27, 1998, engrossed. Read third time, passed. Yeas 89, nays 10.

SENATE ACTION

January 30, 1998, read first time and referred to Committee on Public Policy.

February 19, 1998, reported favorably — Do Pass.

EH 1139—LS 7110/DI 75+



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to more than one offeror by geographic area. (7) States the procedure for political subdivisions to deliver contracts or purchase orders to the successful offeror. (8) Makes technical changes. (9) Repeals superseded statutes.

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February 20, 1998

Second Regular Session 110th General Assembly (1998)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1997 General Assembly.

ENGROSSED HOUSE BILL No. 1139

A BILL FOR AN ACT to amend the Indiana Code concerning state and local administration.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 5-22-8-1, AS ADDED BY P.L.49-1997, SECTION
2 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1,
3 1998]: Sec. 1. (a) This chapter applies only to a purchase expected by
4 the purchasing agent to be less than ~~twenty-five~~ **seventy-five** thousand
5 dollars ~~(\$25,000)~~. **(\$75,000)**.

6 (b) Purchase requirements may not be artificially divided so as to
7 constitute a small purchase under this chapter.

8 SECTION 2. IC 5-22-8-2, AS ADDED BY P.L.49-1997, SECTION
9 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1,
10 1998]: Sec. 2. (a) **This section applies only if the purchasing agent
11 expects the purchase to be less than twenty-five thousand dollars
12 (\$25,000).**

13 (b) A purchasing agent may make a purchase under small purchase
14 policies established by the purchasing agency or under rules adopted
15 by the governmental body.

16 SECTION 3. IC 5-22-8-3 IS ADDED TO THE INDIANA CODE

EH 1139—LS 7110/DI 75+



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1 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
2 1, 1998]: **Sec. 3. (a) This section applies only if the purchasing agent
3 expects the purchase to be:**

4 (1) at least twenty-five thousand dollars (\$25,000); and

5 (2) not more than seventy-five thousand dollars (\$75,000).

6 (b) A purchasing agent may purchase supplies under this section
7 by inviting quotes from at least three (3) persons known to deal in
8 the lines or classes of supplies to be purchased.

9 (c) The purchasing agent shall mail an invitation to quote to the
10 persons described in subsection (b) at least seven (7) days before
11 the time fixed for receiving quotes.

12 (d) If the purchasing agent receives a satisfactory quote, the
13 purchasing agent shall award a contract to the lowest responsible
14 and responsive offeror for each line of class of supplies required.

15 (e) The purchasing agent may reject all quotes.

16 (f) If the purchasing agent does not receive a quote from a
17 responsible and responsive offeror, the purchasing agent may
18 purchase the supplies under IC 5-22-10-10.

19 SECTION 4. IC 5-22-10-19 IS ADDED TO THE INDIANA CODE
20 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
21 1, 1998]: **Sec. 19. A purchasing agent may make a special purchase
22 from a public utility if the purchase or lease price is a negotiated
23 price that considers the results of an independent appraisal that the
24 purchasing agency obtains and an independent appraisal that the
25 public utility obtains.**

26 SECTION 5. IC 5-22-10-20 IS ADDED TO THE INDIANA CODE
27 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
28 1, 1998]: **Sec. 20. (a) This section applies to the purchase of
29 petroleum products by:**

30 (1) a board of aviation commissioners under IC 8-22-2; or

31 (2) an airport authority under IC 8-22-3.

32 (b) A purchasing agent may make a special purchase of
33 petroleum products if the petroleum products are for resale to the
34 general public.

35 SECTION 6. IC 5-22-15-12, AS ADDED BY P.L.49-1997,
36 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
37 JULY 1, 1998]: **Sec. 12. Award of a contract under section 11 of this
38 chapter is subject to the following:**

39 (1) A requirement of an applicable statute to award a contract to
40 a responsible and responsive bidder.

41 (2) A requirement of an applicable statute to award a contract:

42 (A) to the best bidder; or

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1 (B) in the case of a purchase under IC 5-22-9, to the offeror
2 whose offer is most advantageous to the governmental body.

3 (3) The authority of the purchasing agent under ~~an applicable law~~
4 **IC 5-22-17-12** to award contracts separately or for a combination
5 of a line or class of supplies.

6 SECTION 7. IC 5-22-17-11 IS ADDED TO THE INDIANA CODE
7 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
8 1, 1998]: **Sec. 11. A county may award a sand, gravel, asphalt**
9 **paving materials, or crushed stone contract to more than one (1)**
10 **responsible and responsive offeror if both of the following apply:**

11 (1) The specifications allow for offers to be based upon service
12 to specific geographic areas.

13 (2) The contracts are awarded by geographic area.

14 **The county is not required to describe the geographic areas in the**
15 **specifications.**

16 SECTION 8. IC 5-22-17-12 IS ADDED TO THE INDIANA CODE
17 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
18 1, 1998]: **Sec. 12. (a) A solicitation may provide that offers will be**
19 **received and contracts will be awarded separately or for any**
20 **combination of a line or a class of supplies or services contained in**
21 **the solicitation.**

22 (b) If the solicitation does not indicate how separate contracts
23 might be awarded, the purchasing agent may award separate
24 contracts to different offerors under this section only if the
25 purchasing agent makes a written determination showing that the
26 award of separate contracts is in the interest of efficiency or
27 economy.

28 (c) If the purchasing agent awards a contract for a line or class
29 of supplies or services, or any combination of lines or classes, to an
30 offeror other than the lowest offeror, the purchasing agent must
31 make a written determination stating the reasons for awarding a
32 contract to that offeror.

33 SECTION 9. IC 5-22-17-13 IS ADDED TO THE INDIANA CODE
34 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
35 1, 1998]: **Sec. 13. A solicitation may provide that the purchasing**
36 **agent will award a contract for supplies or services for an**
37 **unspecified number of items at a fixed price per unit. Such a**
38 **contract may include a formula or a method for escalation of the**
39 **unit price.**

40 SECTION 10. IC 5-22-18-5 IS ADDED TO THE INDIANA CODE
41 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
42 1, 1998]: **Sec. 5. (a) This section applies only to a political**

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subdivision.

(b) Within thirty (30) days after the acceptance of an offer, the purchasing agent shall deliver in person or by first class mail to the successful offeror the original of each purchase order or lease, retain a copy for the purchasing agent's records, and file a copy for public record and inspection as follows:

(1) When a purchase or lease is made for a county or municipality, the copy of the purchase order or lease must be filed with the fiscal officer of the unit.

(2) When a purchase or lease is made for a township, the copy of the purchase order or lease must be filed with the fiscal officer of the county.

(3) When a purchase or lease is made for a school corporation or a quasi-public corporation, the copy of the purchase order or lease must be filed with the records of the corporation.

SECTION 11. IC 5-22-22-8, AS ADDED BY P.L.49-1997, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 8. (a) If the property is worthless, it may be demolished or junked.

(b) For purposes of this ~~subsection~~, **section and IC 5-22-21-6(4)(B)**, property may be considered worthless **or of no market value** if the value of the property is less than the estimated costs of the sale and transportation of the property.

SECTION 12. THE FOLLOWING ARE REPEALED [EFFECTIVE JULY 1, 1998]: IC 4-13-2-12.6; IC 4-13-2-12.7.

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Economic Growth, to which was referred House Bill 1139, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, line 3, reset in roman "(a) This chapter applies only to a purchase expected by".

Page 1, line 4, reset in roman "the purchasing agent to be less than".

Page 1, line 4, after "twenty-five" insert "**seventy-five**".

Page 1, line 4, reset in roman "thousand dollars".

Page 1, line 5, after "(\$25,000)." insert "**(\$75,000)**".

Page 1, line 6, reset in roman "(b)".

Page 2, line 3, delete "to a purchase that" and insert "**if the purchasing agent expects the purchase to be:**

(1) at least twenty-five thousand dollars (\$25,000); and

(2) not more than seventy-five thousand dollars (\$75,000)."

Page 2, delete lines 4 through 13.

Page 3, line 12, delete "IC 22-17-12" and insert "**IC 5-22-17-12**".

and when so amended that said bill do pass.

(Reference is to House Bill 1139 as introduced.)

SUMMERS, Chair

Committee Vote: yeas 11, nays 1.

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COMMITTEE REPORT

Mr. President: The Senate Committee on Public Policy, to which was referred House Bill 1139, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS.

(Reference is made to House Bill 1139 as printed January 27, 1998.)

WYSS, Chairperson

Committee Vote: Yeas 6, Nays 0.

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