

**HOUSE BILL NO. 1170**

Introduced by

Government and Veterans Affairs Committee

(At the request of the Office of Management and Budget)

1 A BILL for an Act to create and enact a new section to chapter 54-44.4 of the North Dakota  
2 Century Code, relating to approved vendors under state purchasing laws; to amend and  
3 reenact sections 12-48-07, 24-03-14, 46-01-02, 46-02-01, 46-02-09, 46-05-03, 54-23.2-02,  
4 54-24-09, 54-44-04.5, 54-44-04.6, subsection 3 of section 54-44.2-02, subsections 4 and 5 of  
5 section 54-44.4-02, sections 54-44.4-03, 54-44.4-05, 54-44.4-07, and 54-44.4-08 of the North  
6 Dakota Century Code, relating to state purchasing and printing practices and the  
7 responsibilities of the office of management and budget; to repeal section 54-44-09 of the North  
8 Dakota Century Code, relating to the requirement that state purchases comply with United  
9 States bureau of standards; and to declare an emergency.

10 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

11 **SECTION 1. AMENDMENT.** Section 12-48-07 of the North Dakota Century Code is  
12 amended and reenacted as follows:

13 **12-48-07. Tools and equipment.** The warden, under the direction of the director of the  
14 division of adult services, shall procure the machinery, tools, and equipment necessary to carry  
15 on and conduct the work and industries of the penitentiary. Procurement must be made by the  
16 warden according to chapter 54-44.4 and rules adopted under that chapter.

17 **SECTION 2. AMENDMENT.** Section 24-03-14 of the North Dakota Century Code is  
18 amended and reenacted as follows:

19 **24-03-14. Authority to acquire buildings for equipment.** ~~The office of management~~  
20 ~~and budget has the authority to acquire buildings for equipment under its purchasing powers,~~  
21 ~~however, the office of management and budget may delegate such authority to the director, and~~  
22 ~~in such instances the~~ director has authority to construct, rent, or purchase for the state the  
23 necessary land and buildings for the storage and housing of road materials, road machinery,  
24 equipment, and tools.

1           **SECTION 3. AMENDMENT.** Section 46-01-02 of the North Dakota Century Code is  
2 amended and reenacted as follows:

3           **46-01-02. Printing duties of office of management and budget.** The office of  
4 management and budget shall:

- 5           1. Bid all printing requisitions as requested and let all contracts.
- 6           2. ~~Examine all work to determine if it conforms to the contract.~~
- 7           3. ~~Examine all accounts let to contract to determine if the charges are correct.~~
- 8           4. Determine the price of any legal notice or publication when requested by any state  
9 agency or department, or by any political subdivision. Its decision on the proper  
10 fee for ~~such~~ the publication is binding and final, subject to review by the courts.

11           **SECTION 4. AMENDMENT.** Section 46-02-01 of the 1997 Supplement to the North  
12 Dakota Century Code is amended and reenacted as follows:

13           **46-02-01. Printing and binding - Duties of the office of management and budget.**

14 The office of management and budget shall have charge of all the printing required to be done  
15 for ~~the several departments of the~~ all state government agencies except as otherwise provided  
16 by section 46-02-09. ~~No printing required by any state officer as provided in this chapter may~~  
17 ~~be paid for unless it was authorized by the legislative assembly or by the office of management~~  
18 ~~and budget for seven hundred fifty dollars and over.~~

19           **SECTION 5. AMENDMENT.** Section 46-02-09 of the 1997 Supplement to the North  
20 Dakota Century Code is amended and reenacted as follows:

21           **46-02-09. Sixth-class items - When bids or quotations required.** All work on  
22 sixth-class items amounting to seven hundred fifty dollars or over, not done by the central  
23 duplicating service of the office of management and budget or by departments, institutions, or  
24 state offices, must be let by competitive bidding or by the solicitation of at least two quotations  
25 by the office of management and budget, or by the departments, institutions, or state offices  
26 authorized to bid their own printing needs. Printing items amounting to less than seven  
27 hundred fifty dollars may be given by the department head to a printer selected by the  
28 department head and accompanied by a purchase order ~~of which one copy must be sent to the~~  
29 ~~office of management and budget.~~ Where If practical, all departments, institutions, or state  
30 offices authorized to do their own bidding shall take advantage of annual contracts established  
31 by the office of management and budget.

1           **SECTION 6. AMENDMENT.** Section 46-05-03 of the North Dakota Century Code is  
2 amended and reenacted as follows:

3           **46-05-03. Legal notices - Fees.** To effect uniformity, the office of management and  
4 budget may compute a standard price on those legal notices which are widely published such  
5 as ballots, insurance statements, and official proclamations. All newspapers must use the  
6 rates, type size, and column width as shown on its legal notice rate certification issued by ~~the~~  
7 ~~state printing agent~~ of the office of management and budget. Certifications must be issued  
8 within fifteen days after samples are submitted.

9           The office of management and budget shall annually review and adjust rates to reflect  
10 changes in economic conditions within the newspaper industry and the general economy, and  
11 those adjustments become effective on each July first following the review. These annual  
12 changes may be percentage increases or decreases in the base rates, and they may  
13 incorporate revisions in the base rate structure. Whenever the office of management and  
14 budget considers an adjustment in the legal publication rates contained herein, it shall consult  
15 with representatives of the daily and weekly newspaper industry of the state and with  
16 representatives of state and local units of government.

17           **SECTION 7. AMENDMENT.** Section 54-23.2-02 of the North Dakota Century Code is  
18 amended and reenacted as follows:

19           **54-23.2-02. State radio broadcasting system.** The director may purchase the  
20 necessary apparatus and equipment to construct or establish a radio broadcasting system for  
21 the state of North Dakota, which system must be used solely for the transmission of state  
22 business and information. The director is further authorized and empowered to purchase  
23 shortwave radio receiving and transmitting sets in ~~such~~ quantities as may be most economical  
24 and to equip with shortwave radio receiving and transmitting sets all state-owned cars used in  
25 connection with law enforcement, ~~such~~ road maintainers as ~~he~~ the director shall determine  
26 advisable, the state penitentiary, and ~~such~~ any other places as may furnish the speedy  
27 transmission of messages and state information. Purchases must be made by the director  
28 according to chapter 54-44.4 and rules adopted thereunder. The director is charged with the  
29 operation and maintenance of said system.

30           **SECTION 8. AMENDMENT.** Section 54-24-09 of the 1997 Supplement to the North  
31 Dakota Century Code is amended and reenacted as follows:

1           **54-24-09. Distribution of certain state publications for certain libraries required.**

2   The ~~state purchasing and printing agent~~ office of management and budget shall arrange to  
3   deposit with the state library eight copies of all publications issued by all executive, legislative,  
4   and judicial agencies of state government intended for general public distribution. These  
5   publications must be provided to the state library without charge. If expense and limited supply  
6   of state publications, particularly audiovisual items, make compliance with the depository  
7   requirement impossible, the state library shall accept as many copies as an agency can afford  
8   to provide. However, each agency shall provide no less than two copies to the state library.  
9   State publications refer to any informational materials regardless of format, method of  
10   reproduction, or source, originating in or produced with the imprint of, by the authority of, or at  
11   the total or partial expense of, any state agency. The definition incorporates those publications  
12   that may or may not be financed by state funds but are released by private bodies such as  
13   research and consultant firms under contract with or supervision of any state agency. In  
14   circumstances not directly involving the ~~state purchasing and printing agent~~ office of  
15   management and budget, a state agency shall comply with the depository requirement by  
16   arranging with the necessary parties for the printing and deposit of eight copies of any state  
17   publication issued. State publications are specifically defined as public documents appearing  
18   as reports, directories, statistical compendiums, bibliographies, laws or bills, rules, regulations,  
19   newsletters, bulletins, state plans, brochures, periodicals, committee minutes, transcripts of  
20   public hearings, other printed matter, audiotapes, videotapes, films, filmstrips, or slides, but not  
21   those administrative or training materials used only within the issuing agency. As the document  
22   acquisition and distribution agency, the state library shall retain for its document collection two  
23   copies of every state document received and transmit the remaining copies to the depository  
24   libraries. These are the libraries of the state historical board, the university of North Dakota,  
25   North Dakota state university, library of Congress, and two others to be designated by the state  
26   library. All nondepository North Dakota libraries may receive state documents under an  
27   optional selection program developed by the state library. The state library shall catalog state  
28   publications and arrange for their conversion to microfilm or to optical disk storage prescribed  
29   by the state records administrator and shall make available for distribution the same to the  
30   designated depository libraries.

1           **SECTION 9. AMENDMENT.** Section 54-44-04.5 of the North Dakota Century Code is  
2 amended and reenacted as follows:

3           **54-44-04.5. Federal surplus property - Office of management and budget**  
4 **responsible for distribution - Powers and duties of director.**

- 5           1. The office of management and budget is responsible for the fair and equitable  
6 distribution, through donation, of all federal surplus property transferred to the state  
7 in accordance with the Federal Property and Administrative Services Act of 1949,  
8 as amended [63 Stat. 378; 40 U.S.C. 484 (j)], hereinafter referred to as the federal  
9 Act.
- 10          2. The director of the office of management and budget, or ~~such subordinate officer~~  
11 ~~as the director shall designate~~ director's designee:
- 12           a. May receive, investigate, and make recommendations on  
13 applications for federal surplus property available under the federal Act.
- 14           b. May acquire any federal surplus property transferred to the state under the  
15 federal Act.
- 16           c. May distribute any federal surplus property pursuant to the federal Act to:
- 17               (1) Any public agency for use in carrying out or promoting for the residents  
18 of a given political subdivision one or more public purposes; or
- 19               (2) Nonprofit educational institutions, public health institutions, or  
20 organizations which are exempt from taxation under section 501 of the  
21 federal Internal Revenue Code, for purposes of education or public  
22 health or research for those purposes.
- 23           d. May store the federal surplus property.
- 24           e. Shall develop, submit, and implement a state plan of operation for distribution  
25 of federal surplus property and comply with the federal Act and rules and  
26 regulations adopted thereunder. Provided, the director may continue the state  
27 plan of operation developed by the department of public instruction.
- 28           f. May cooperate and enter into agreements with other surplus property  
29 agencies and federal agencies to screen and acquire surplus property and  
30 exchange property, facilities, personnel, and services.

- 1 g. May provide information and assistance for acquiring federal surplus property  
2 to entities listed in subdivision c.
- 3 h. May assess and collect service charges from participating recipients to cover  
4 direct and reasonable cost of services under this section. The service  
5 charges must be deposited with the state treasurer in a surplus property  
6 special fund and used pursuant to the federal Act. The state treasurer shall  
7 credit all interest earned to the fund if the director requests the state treasurer  
8 to invest portions of the fund.
- 9 i. Adopt rules and take other action necessary to distribute federal surplus  
10 property pursuant to the federal Act.
- 11 3. The director of the office of management and budget or the director's designee  
12 may purchase available federal property under applicable federal property  
13 management regulations for distribution according to this section.

14 **SECTION 10. AMENDMENT.** Section 54-44-04.6 of the 1997 Supplement to the North  
15 Dakota Century Code is amended and reenacted as follows:

16 **54-44-04.6. State surplus property - Department heads to inform director -**  
17 **Disposition of property - Proceeds - Exchange of property.**

- 18 1. The person in charge of any department, agency, or institution of the state shall  
19 inform the director of the office of management and budget or the director's  
20 designee whenever that department, agency, or institution possesses property  
21 surplus to its needs, whether originally obtained with state or other funds.
- 22 2. Political subdivisions may provide their surplus property to the office of  
23 management and budget for disposition according to subsections 3, 4, and 5.
- 24 3. State surplus Surplus property must be transferred at fair market value to state  
25 agencies, political subdivisions, and nonprofit organizations eligible to receive  
26 federal surplus property under the Federal Property Administrative Services Act of  
27 1949, as amended. Eligible organizations must be notified of the availability of  
28 property on a regular basis.
- 29 ~~3.~~ 4. If not disposed of under subsection ~~2~~ 3, then by sale on sealed bids or at public  
30 auction to the highest and best bidder for property valued at more than three  
31 thousand dollars, with no money deposit required prior to sale, or by sealed bids,

1 public auction, or negotiation at fair value for property valued at less than three  
2 thousand dollars.

3 ~~4.~~ 5. All proceeds received from the transfer or sale of ~~state~~ surplus property must be  
4 deposited into the state or political subdivision fund from which the property was  
5 originally purchased, less administrative expenses.

6 ~~5. No department, agency, or institution may exchange items as part of a purchase  
7 price of new items until a detailed statement of the value of the items to be  
8 exchanged and request for approval have been submitted to the director of the  
9 office of management and budget. The director shall approve the exchange only if  
10 the director has determined that the item has been valued at fair value.~~

11 **SECTION 11. AMENDMENT.** Subsection 3 of section 54-44.2-02 of the 1997

12 Supplement to the North Dakota Century Code is amended and reenacted as follows:

13 3. Have the authority to purchase or lease equipment or replace, including by trade or  
14 resale, present equipment as may be necessary to carry out this chapter. Each  
15 executive branch department, agency, or institution, except the institutions under  
16 the control of the board of higher education, shall submit to the information  
17 services division and the legislative council, or its designee, in accordance with  
18 guidelines established by the division, a written request for the lease, purchase, or  
19 other contractual acquisition of information technology services or equipment. The  
20 information services division shall review requests for conformance with the  
21 requesting organization's strategic plan and compliance with statewide policies and  
22 standards. If the request is not in conformance or compliance, the information  
23 services division may disapprove the request or require justification for the  
24 departure from the strategic plan or statewide policy or standard. The division shall  
25 inform the legislative council, or its designee, of any requests disapproved or  
26 additional justification received relating to a request. All acquisitions made by the  
27 division under this section must be done according to chapter 54-44.4 and rules  
28 adopted under that chapter.

29 **SECTION 12. AMENDMENT.** Subsections 4 and 5 of section 54-44.4-02 of the 1997

30 Supplement to the North Dakota Century Code are amended and reenacted as follows:

- 1           4. Department of transportation materials, equipment, and supplies in accordance  
2           with ~~the provisions of chapters 24-02 and 24-03~~ sections 24-02-16 and 24-03-12.
- 3           5. Professional services ~~pursuant to written contract,~~ unless the office of  
4           management and budget agrees to procure professional services in response to an  
5           agency's written request.

6           **SECTION 13. AMENDMENT.** Section 54-44.4-03 of the 1997 Supplement to the North  
7 Dakota Century Code is amended and reenacted as follows:

8           **54-44.4-03. Director of the office of management and budget may delegate**  
9 **purchasing authority.** The director of the office of management and budget or the director's  
10 designee may delegate to state agencies and institutions the authority to make purchases of  
11 items not otherwise exempted by law. Any delegation of purchasing authority must be in writing  
12 and must specify what may be purchased by the agency or institution and the duration of the  
13 delegation.

14           **SECTION 14.** A new section to chapter 54-44.4 of the North Dakota Century Code is  
15 created and enacted as follows:

16           **Approved vendors.**

- 17           1. Every person or business entity that desires to bid or submit a proposal on  
18 contracts awarded under this chapter must be an approved vendor in order to  
19 receive a request for bids or proposals. Unless waived by the director of the office  
20 of management and budget, or the director's designee, a bid or proposal may not  
21 be considered under this section from any vendor that is not approved.
- 22           2. To become an approved vendor a person or business entity shall file an application  
23 with the office of management and budget. The application must contain  
24 information requested by the office of management and budget, including business  
25 and persons' names, phone numbers, addresses, federal tax identification  
26 numbers, type of business organization, other permits or licenses issued by this  
27 state and related numbers, the nature of the business and the products sold, the  
28 types of bids or proposals in which the applicant is interested, references, and  
29 other business information. The application must be signed and certified by an  
30 authorized person or company officer.

1           3. At the time of filing the application to become an approved vendor, the company,  
2           foreign or domestic, must be properly and currently registered with the secretary of  
3           state according to its type of business organization as a corporation under chapter  
4           10-19.1, a limited liability company under chapter 10-32, a limited liability  
5           partnership under chapter 45-22, or a limited partnership under chapter 45-10.1.  
6           Any exemptions to registration under the above chapters that would otherwise  
7           apply to those entities organized as such do not apply to this section and  
8           registration must be made for the applicant to become an approved vendor.  
9           Applicants for approved vendor status using a trade name or a fictitious partnership  
10           name must be in full compliance with chapter 47-25 or chapter 45-11 at the time of  
11           making the application.

12                   By signing and filing the application, the vendor applicant appoints the  
13           secretary of state as its true and lawful agent for service of process in this state  
14           upon whom may be served all lawful process in any action or proceeding against  
15           the vendor if the vendor or its registered agent cannot be found for service of  
16           process in this state. The signed application is written evidence of the applicant's  
17           consent that any process served against the applicant that is so served upon the  
18           secretary of state is of the same legal force and effect as if served upon the  
19           applicant personally within this state. Within ten days after service of the summons  
20           upon the secretary of state pursuant to this subsection, notice of the service with  
21           the summons and complaint in the action must be sent to the defendant vendor at  
22           the vendor's last known address by certified mail with return receipt requested and  
23           proof of mailing must be attached to the summons. The secretary of state shall  
24           keep a record of all process served upon the secretary of state under this section  
25           showing the day and hour of service. When service of process is made as  
26           provided in this subsection, the court, before entering a default judgment, or at any  
27           stage of the proceeding, may order a continuance as may be necessary to afford  
28           the defendant vendor reasonable opportunity to defend any action pending against  
29           the vendor.

30           4. The director of the office of management and budget, or the director's designee,  
31           may waive the requirements for registration with the secretary of state as provided

1           in this section and authorize receipt of a bid or proposal from a vendor that  
2           unqualifiedly refuses to register as provided in this section if the director or the  
3           director's designee makes a written determination that:

4           a.   A commodity is so unique and possesses such specific characteristics  
5           essential to the government program in question that it is available only from  
6           one source and not through wholesalers or retailers; or

7           b.   An emergency as defined in subsection 7 of section 54-44.4-02 exists.

8           **SECTION 15. AMENDMENT.** Section 54-44.4-05 of the 1997 Supplement to the North  
9 Dakota Century Code is amended and reenacted as follows:

10           **54-44.4-05. Competitive bidding on purchases.** Except as otherwise provided in  
11 section 44-08-01 and section 25-16.2-02, purchasing contracts must be awarded to the lowest  
12 responsible bidder considering conformity with specifications, terms of delivery, and quality and  
13 serviceability. The office of management and budget may reject any or all bids or negotiate for  
14 a lower price with a successful bidder. Each bid received, with the name of the bidder, must be  
15 recorded. The office of management and budget may make multiple awards for term  
16 commodity contracts when it deems a multiple award to be in the best interests of the state.

17           **SECTION 16. AMENDMENT.** Section 54-44.4-07 of the North Dakota Century Code is  
18 amended and reenacted as follows:

19           **54-44.4-07. Specification for paper products and inks.** The office of management  
20 and budget, the institutions of higher education, and any other state agency or institution that  
21 has authority to purchase products, are encouraged, whenever possible, when purchasing  
22 newsprint printing services, to specify the use of soybean-based ink. ~~By July 1, 1990, at least~~  
23 ~~fifteen percent of the garbage can liners purchased by the office of management and budget,~~  
24 ~~the institutions of higher education, or a state agency or institution to which authority to~~  
25 ~~purchase has been delegated must be starch based. The percentage of starch based garbage~~  
26 ~~can liners purchased must increase by five percent annually until at least fifty percent of the~~  
27 ~~garbage can liners purchased are starch based. The office of management and budget shall~~  
28 ~~review the procurement specifications currently used by the state to eliminate, wherever~~  
29 ~~possible, discrimination against the procurement of products manufactured with starch based~~  
30 ~~plastics and soybean based inks. The North Dakota corn growers association and the~~  
31 ~~commissioner of agriculture shall assist the office of management and budget in locating~~

1 ~~suppliers of starch-based plastics and in collecting data on the purchase of starch-based~~  
2 ~~plastics.~~ The North Dakota soybean council and the commissioner of agriculture shall assist  
3 the office of management and budget in locating suppliers of soybean-based inks and in  
4 collecting data on the purchase of soybean-based inks. In requesting bids for paper products,  
5 ~~starch-based plastic products, and soybean-based inks,~~ the office of management and budget  
6 must request information on the recycled content of such products.

7         **SECTION 17. AMENDMENT.** Section 54-44.4-08 of the 1997 Supplement to the North  
8 Dakota Century Code is amended and reenacted as follows:

9         **54-44.4-08. Purchase of recycled paper products.** The office of management and  
10 budget, and any state agency or institution that has authority to purchase products, shall ensure  
11 that beginning July 1, 1993, at least ten percent of the total volume of paper and paper products  
12 being purchased for state agencies and institutions contain at least twenty-five percent recycled  
13 material; beginning January 1, 1994, at least thirty percent of the total volume of paper and  
14 paper products being purchased contain at least twenty-five percent recycled material;  
15 beginning January 1, 1996, at least forty percent of the total volume of paper and paper  
16 products being purchased contain at least twenty-five percent recycled material; and beginning  
17 January 1, 1998, at least sixty percent of the total volume of paper and paper products being  
18 purchased contain at least twenty-five percent recycled material; ~~and beginning January 1,~~  
19 ~~2000, at least eighty percent of the total volume of paper and paper products being purchased~~  
20 ~~contain at least twenty-five percent recycled material.~~

21         **SECTION 18. REPEAL.** Section 54-44-09 of the North Dakota Century Code is  
22 repealed.

23         **SECTION 19. EMERGENCY.** Section 15 of this Act is declared to be an emergency  
24 measure.