

**FIRST ENGROSSMENT  
with Senate Amendments**

Fifty-eighth  
Legislative Assembly  
of North Dakota

**ENGROSSED HOUSE BILL NO. 1180**

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 four new sections to chapter 54-44.4 of the North Dakota  
2 Century Code, relating to procurement of services, competitive sealed bid proposals, small  
3 purchases, and protested solicitations and awards; to amend and reenact sections 44-08-05.1,  
4 54-44.4-01, 54-44.4-02, and 54-44.4-04, subsections 1 and 2 of section 54-44.4-05, section  
5 54-44.4-06, and subsections 1, 2, and 4 of section 54-44.4-09 of the North Dakota Century  
6 Code, relating to purchasing policy, purchasing by the office of management and budget,  
7 solicitation criteria, exempt records, limited competitive and noncompetitive purchases,  
8 multistep sealed bids, and vendor registration; to require the director of the office of  
9 management and budget to study the state procurement process; to provide an effective date;  
10 and to provide an expiration date.

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

12 **SECTION 1. AMENDMENT.** Section 44-08-05.1 of the North Dakota Century Code is  
13 amended and reenacted as follows:

14 **44-08-05.1. Vouchers - Requirements for approval - Penalty - Action for**  
15 **violations.** Any public officer or employee who has the power to approve a voucher for a  
16 department, agency, or institution for travel expenses or any other state expenditure of public  
17 funds shall determine before approving ~~such~~ the voucher ~~the following~~:

- 18 1. That the expenditure for travel or other expenditures were for lawful and official  
19 purposes.
- 20 2. If for travel expense, that the travel actually occurred, and that the sums claimed  
21 for travel expenses are actually due the individual who is seeking reimbursement,  
22 allowance, or payment.
- 23 3. If the voucher is for expenditure other than travel expense, that the expenditure is  
24 lawful and that the voucher contains no false claims.

1 For purchases made with the use of a purchasing card authorized under ~~subsection 8 of~~  
2 ~~section 54-44.4-02~~ section 11 of this Act, an employee of the office of management and budget  
3 designated by the director of the office of management and budget, on behalf of all agencies,  
4 may review and approve vouchers under this section and make payments pursuant thereto.  
5 Any public officer or employee who willfully approves a voucher with knowledge it contains  
6 false or unlawful claims or that it does not otherwise meet the requirements of this section for  
7 approval is guilty of theft and punishable under ~~the provisions of~~ chapter 12.1-23. Any public  
8 officer or employee who, without the use of ordinary care and diligence, negligently approves a  
9 voucher for a department, agency, or institution containing false or unlawful claims or which  
10 does not otherwise meet the requirements of this section for approval is personally liable for  
11 any funds improperly expended. The director of the office of management and budget,  
12 members of the office of the budget, state auditor, or any other person who has knowledge of  
13 an actual or possible violation of this section shall make such information known to the attorney  
14 general. The attorney general shall investigate any alleged ~~violations~~ violation and, if a  
15 violation appears to exist, shall ~~criminally~~ prosecute under chapter 12.1-23 or bring a civil suit  
16 for the recovery of such funds as may actually have been improperly paid against the payee  
17 and officer or employee who approved such voucher in violation of ~~any of~~ the above  
18 requirements or shall bring both such criminal action and civil suit. The officer or employee  
19 who approves any voucher negligently has the right of subrogation against the payee of such  
20 voucher in the event public funds have been improperly paid to the payee.

21 **SECTION 2. AMENDMENT.** Section 54-44.4-01 of the North Dakota Century Code is  
22 amended and reenacted as follows:

23 **54-44.4-01. Declaration of policy - Definitions.** It is ~~hereby declared to be~~ state  
24 policy to provide comprehensive purchasing services based upon sound procurement practices  
25 and principles wherein, through full competition with fair and equal opportunity to all qualified  
26 persons ~~and firms~~ to sell to the state, each state agency and institution shall obtain its  
27 necessary ~~supplies~~ commodities and ~~equipment~~ services at competitive cost, consistent with  
28 quality, time, and performance requirements, except as otherwise provided by law. As used in  
29 this chapter, unless the context requires otherwise:

30 1. "Commodities" means all property, including equipment, supplies, materials,  
31 printing, insurance, and leases of equipment.

- 1           2. "Procurement officer" means an individual duly authorized to enter and administer  
2           purchasing contracts and make written determinations with respect thereto and  
3           also includes an authorized representative acting within the limits of authority.
- 4           3. "Professional services" means those services requiring special knowledge,  
5           education, or skills when the qualifications and experience of the individual  
6           rendering the services are of primary importance and the individual is required to  
7           exercise professional judgment. Professional services providers include  
8           appraisers, attorneys, accountants, psychologists, physicians, dentists, planners,  
9           analysts, and consultants. The term includes human services under which a  
10          person provides direct health or social welfare services to the citizens on behalf of  
11          the state. The term does not include services defined in section 54-44.7-01.
- 12          4. "Purchasing agency" means a governmental entity in the executive branch of  
13          government other than the office of management and budget which is authorized  
14          by this chapter, rules adopted under this chapter, written policy of the office of  
15          management and budget, or by way of delegation from the office of management  
16          and budget to enter purchasing contracts for commodities and services.
- 17          5. "Services" means the furnishing of labor, time, or effort by a contractor, not  
18          involving the delivery of a specific end product other than reports that are merely  
19          incidental to the required performance. The term does not include professional  
20          services.

21           **SECTION 3. AMENDMENT.** Section 54-44.4-01 of the North Dakota Century Code is  
22 amended and reenacted as follows:

23           **54-44.4-01. Declaration of policy - Definitions.** It is ~~hereby declared to be~~ state  
24 policy to provide comprehensive purchasing services based upon sound procurement practices  
25 and principles wherein, through full competition with fair and equal opportunity to all qualified  
26 persons ~~and firms~~ to sell to the state, each state agency and institution shall obtain its  
27 necessary ~~supplies~~ commodities and equipment services at competitive cost, consistent with  
28 quality, time, and performance requirements, except as otherwise provided by law. As used in  
29 this chapter, unless the context requires otherwise:

- 30           1. "Commodities" means all property, including equipment, supplies, materials,  
31           printing, insurance, and leases of equipment.

- 1           2. "Procurement officer" means an individual duly authorized to enter and administer  
2           purchasing contracts and make written determinations with respect thereto and  
3           also includes an authorized representative acting within the limits of authority.
- 4           3. "Professional services" means those services requiring special knowledge,  
5           education, or skills when the qualifications and experience of the individual  
6           rendering the services are of primary importance and the individual is required to  
7           exercise professional judgment. Professional services providers include  
8           appraisers, attorneys, accountants, psychologists, physicians, dentists, planners,  
9           analysts, and consultants. The term includes human services under which a  
10          person provides direct health or social welfare services to the citizens on behalf of  
11          the state. The term does not include services defined in section 54-44.7-01.
- 12          4. "Purchasing agency" means a governmental entity in the executive branch of  
13          government other than the office of management and budget which is authorized  
14          by this chapter, rules adopted under this chapter, written policy of the office of  
15          management and budget, or by way of delegation from the office of management  
16          and budget to enter purchasing contracts for commodities and services.
- 17          5. "Services" means the furnishing of labor, time, or effort by a contractor, not  
18          involving the delivery of a specific end product other than reports that are merely  
19          incidental to the required performance. The term includes professional services.

20           **SECTION 4. AMENDMENT.** Section 54-44.4-02 of the North Dakota Century Code is  
21 amended and reenacted as follows:

22           **54-44.4-02. Office of management and budget purchasing services.** The office of  
23 management and budget shall purchase or lease or otherwise arrange for the procurement, for  
24 all state agencies and institutions in the executive branch of state government, all materials,  
25 furniture, fixtures, printing, insurance, services, and other commodities, ~~except the~~. The  
26 following commodities and services, however, are not subject to the procurement requirements  
27 of this chapter:

- 28           1. Land, buildings, space, or the rental thereof.
- 29           2. Telephone and telegraph service and electrical light and power services.
- 30           3. Public books, maps, periodicals, and technical pamphlets.

- 1           4. Department of transportation materials, equipment, and supplies in accordance  
2           with section 24-02-16.
- 3           5. Procurements through a contract or other instrument executed by the industrial  
4           commission under chapter 54-17.5.
- 5           6. Professional services, unless the office of management and budget agrees to  
6           procure professional services in response to an agency's written request.
- 7        ~~6.~~ 7. Services for the maintenance or servicing of equipment by the manufacturer or  
8           authorized servicing agent of that equipment when the maintenance or servicing  
9           can best be performed by the manufacturer or authorized service agent, or when  
10          such a contract would otherwise be advantageous to the state.
- 11       ~~7.~~ 8. Emergency purchases the office of management and budget cannot make within  
12          the required time and which involve public health or public safety, or when  
13          immediate expenditures are necessary for repairs of state property to protect it  
14          against further loss or damage, or to prevent or minimize serious disruption in state  
15          services. Emergency purchases must be made with the level of competition  
16          practicable under the circumstances, and a written determination of the basis for  
17          the emergency and for the selection of the particular contractor must be included in  
18          the contract file.
- 19       ~~8. Such specific items or items~~
- 20       9. Commodities and services costing less than a specified amount as determined ~~and~~  
21          ~~indicated~~ by written directive by the director of the office of management and  
22          budget. ~~The director may organize and administer, including by contract with a~~  
23          ~~provider, a system of procurement for items agencies are authorized to purchase~~  
24          ~~under this subsection which includes use of a procurement card. If the director~~  
25          ~~establishes and administers a purchasing card system, the director may designate~~  
26          ~~which agencies are required to use it for purchasing of items designated under this~~  
27          ~~subsection costing less than a specified amount designated in writing by the~~  
28          ~~director.~~
- 29       10. Specified commodities and services as determined by written directive by the  
30          director of the office of management and budget.

1           11. Employee benefit services, trust-related services, and investment management  
2                    services obtained by an agency with a fiduciary responsibility regarding those  
3                    services.

4 All purchases made by the office of management and budget or a state agency or institution to  
5 which authority to purchase has been delegated by the office of management and budget must  
6 be made in accordance with this chapter, rules adopted under this chapter, and written policies  
7 of the office of management and budget. The office of management and budget shall purchase  
8 ~~items~~ commodities or services as requested by agencies and institutions under the jurisdiction  
9 of the state board of higher education and the legislative and judicial branches of state  
10 government. The agencies and institutions under the jurisdiction of the state board of higher  
11 education, with the office of management and budget, shall make such joint purchases of like  
12 ~~items~~ commodities or services of high common usage as determined jointly by the agencies  
13 and institutions under the jurisdiction of the state board of higher education and the office of  
14 management and budget as will result in less cost to the state. The office of management and  
15 budget, pursuant to terms and conditions imposed by it, may agree with political subdivisions  
16 that have organized a purchasing group pursuant to a joint powers agreement under  
17 chapter 54-40.3 to cooperatively purchase certain specific ~~items~~ commodities or services  
18 designated by the office of management and budget if the cooperative purchase will result in a  
19 benefit to the state and to the political subdivisions participating in the joint powers agreement.

20           **SECTION 5. AMENDMENT.** Section 54-44.4-02 of the North Dakota Century Code is  
21 amended and reenacted as follows:

22           **54-44.4-02. Office of management and budget purchasing services.** The office of  
23 management and budget shall purchase or lease or otherwise arrange for the procurement, for  
24 all state agencies and institutions in the executive branch of state government, all materials,  
25 furniture, fixtures, printing, insurance, services, and other commodities, ~~except the.~~ The  
26 following commodities and services, however, are not subject to the procurement requirements  
27 of this chapter:

- 28           1. Land, buildings, space, or the rental thereof.
- 29           2. Telephone and telegraph service and electrical light and power services.
- 30           3. Public books, maps, periodicals, and technical pamphlets.

- 1           4. Department of transportation materials, equipment, and supplies in accordance  
2           with section 24-02-16.
- 3           5. ~~Professional services, unless the office of management and budget agrees to~~  
4           ~~procure professional services in response to an agency's written request~~  
5           Procurements through a contract or other instrument executed by the industrial  
6           commission under chapter 54-17.5.
- 7           6. Services for the maintenance or servicing of equipment by the manufacturer or  
8           authorized servicing agent of that equipment when the maintenance or servicing  
9           can best be performed by the manufacturer or authorized service agent, or when  
10          such a contract would otherwise be advantageous to the state.
- 11          7. Emergency purchases the office of management and budget cannot make within  
12          the required time and which involve public health or public safety, or when  
13          immediate expenditures are necessary for repairs of state property to protect it  
14          against further loss or damage, or to prevent or minimize serious disruption in state  
15          services. Emergency purchases must be made with the level of competition  
16          practicable under the circumstances, and a written determination of the basis for  
17          the emergency and for the selection of the particular contractor must be included in  
18          the contract file.
- 19          8. ~~Such specific items or items~~ Commodities and services costing less than a  
20          specified amount as determined ~~and indicated~~ by written directive by the director of  
21          the office of management and budget. ~~The director may organize and administer,~~  
22          ~~including by contract with a provider, a system of procurement for items agencies~~  
23          ~~are authorized to purchase under this subsection which includes use of a~~  
24          ~~procurement card. If the director establishes and administers a purchasing card~~  
25          ~~system, the director may designate which agencies are required to use it for~~  
26          ~~purchasing of items designated under this subsection costing less than a specified~~  
27          ~~amount designated in writing by the director.~~
- 28          9. Specified commodities and services as determined by written directive by the  
29          director of the office of management and budget.

1           10.   Employee benefit services, trust-related services, and investment management  
2                    services obtained by an agency with a fiduciary responsibility regarding those  
3                    services.

4   All purchases made by the office of management and budget or a state agency or institution to  
5   which authority to purchase has been delegated by the office of management and budget must  
6   be made in accordance with this chapter, rules adopted under this chapter, and written policies  
7   of the office of management and budget. The office of management and budget shall purchase  
8   ~~items~~ commodities or services as requested by agencies and institutions under the jurisdiction  
9   of the state board of higher education and the legislative and judicial branches of state  
10   government. The agencies and institutions under the jurisdiction of the state board of higher  
11   education, with the office of management and budget, shall make such joint purchases of like  
12   ~~items~~ commodities or services of high common usage as determined jointly by the agencies  
13   and institutions under the jurisdiction of the state board of higher education and the office of  
14   management and budget as will result in less cost to the state. The office of management and  
15   budget, pursuant to terms and conditions imposed by it, may agree with political subdivisions  
16   that have organized a purchasing group pursuant to a joint powers agreement under  
17   chapter 54-40.3 to cooperatively purchase certain specific ~~items~~ commodities or services  
18   designated by the office of management and budget if the cooperative purchase will result in a  
19   benefit to the state and to the political subdivisions participating in the joint powers agreement.

20           **SECTION 6.** A new section to chapter 54-44.4 of the North Dakota Century Code is  
21   created and enacted as follows:

22           **Procurement of services.** All services purchased by the office of management and  
23   budget or by an agency or institution in the executive branch of state government must comply  
24   with the standards and guidelines for procurement of services established by the office of  
25   management and budget. Before March first of each year, each agency or institution in the  
26   executive branch of state government which purchases services shall file with the office of  
27   management and budget a report regarding the services purchased the preceding year. The  
28   report must be provided on forms established and made available by the office of management  
29   and budget.

30           **SECTION 7. AMENDMENT.** Section 54-44.4-04 of the North Dakota Century Code is  
31   amended and reenacted as follows:

1           **54-44.4-04. Office of management and budget - Rules.** The office of management  
2 and budget shall adopt, ~~pursuant to~~ in accordance with the procedures provided by chapter  
3 28-32, rules necessary to administer this chapter. The written directives issued by the director  
4 exercising authority provided in ~~subsection 8 of section~~ sections 54-44.4-02 and ~~section~~  
5 54-44.4-03 need not be adopted ~~as rules under~~ in accordance with chapter 28-32.

6           **SECTION 8. AMENDMENT.** Subsections 1 and 2 of section 54-44.4-05 of the North  
7 Dakota Century Code are amended and reenacted as follows:

- 8           1. Except as otherwise provided in sections 44-08-01 and 25-16.2-02, and in this  
9 ~~section chapter~~, purchasing contracts must be awarded through a competitive  
10 bidding process to the lowest responsible bidder considering conformity with  
11 specifications, terms of delivery, and quality and serviceability, unless it is  
12 determined to be advantageous to the state to select a contractor through a  
13 competitive proposal process using other or additional criteria. ~~The office of~~  
14 ~~management and budget procurement officer~~ may reject any or all bids or  
15 negotiate for a lower price with a successful bidder. Each bid received, with the  
16 name of the bidder, must be recorded. The office of management and budget may  
17 enter into term contracts for the acquisition of commodities or services and may  
18 make multiple awards for term commodity or service contracts when it deems a  
19 multiple award to be in the best interests of the state. ~~Until the date and time set~~  
20 ~~for receiving and opening bids and proposals pursuant to a request for bids or~~  
21 ~~proposals, all~~ All bids and proposals received under this chapter pursuant to a  
22 competitive sealed bid are exempt records under subsection 5 of section  
23 44-04-17.1 until the date and time the bids are opened.
- 24           2. The office of management and budget shall adopt rules specifying the  
25 circumstances under which competition may be waived or limited, when  
26 negotiation may be used, and specifying the required justifications and procedures  
27 for using those methods of purchasing. The circumstances that may permit limited  
28 competitive, noncompetitive, or negotiated purchases include:
- 29           a. The commodity or service is available from only one ~~supplier~~ source.  
30           b. The commodity or service is available from another governmental entity's  
31 contract.

- 1 c. The commodity or service is to be purchased for experimentation or trial.
- 2 d. ~~Competitive bidding has failed to produce a bidder~~ No acceptable bid or  
3 proposal was received pursuant to a competitive bidding or competitive  
4 proposal process.
- 5 e. Commodities are being purchased for over-the-counter resale.
- 6 f. Acceptable ~~goods~~ commodities or services are produced or provided by  
7 correctional institutions or other government agencies.
- 8 g. The anticipated cost of purchasing specified ~~goods~~ commodities or services  
9 is less than an amount determined by the office of management and budget  
10 which would justify the expense of a competitive bidding or competitive  
11 proposal process.
- 12 h. A used commodity is advantageous to the state and the commodity is  
13 available only on short notice.
- 14 i. The commodity is a component or replacement part for which there is no  
15 commercially available substitute and which can be obtained only from the  
16 manufacturer.
- 17 j. Compatibility with equipment currently owned by the state is essential to the  
18 proper functioning of that equipment.
- 19 k. The agency provides documentation indicating that the services or the  
20 circumstances are of such a nature that deviation from the procurement  
21 procedure is appropriate.

22 **SECTION 9. AMENDMENT.** Section 54-44.4-06 of the North Dakota Century Code is  
23 amended and reenacted as follows:

24 **54-44.4-06. All purchases to be made in accordance with specifications -**  
25 **Multistep sealed bids.**

- 26 1. For purposes of this chapter, specification means a description of all required  
27 physical, design, performance, functional, and other characteristics of ~~an item~~ a  
28 commodity or service the purchaser requires and, consequently, what a bidder  
29 must offer. ~~All purchases made by the office of management and budget,~~  
30 ~~institutions of higher education, or any state agency or institution to which authority~~  
31 ~~to purchase has been delegated, must be made in accordance with written policies~~

1 ~~of the office of management and budget and the agencies and institutions under~~  
2 ~~the jurisdiction of the state board of higher education.~~ The office of management  
3 and budget and institutions of higher education shall develop similar specifications  
4 for purchases of ~~items~~ commodities and services of high common usage. State  
5 agencies and institutions shall provide such assistance as may be requested by  
6 the office of management and budget and the institutions of higher education in the  
7 development of specifications. The office of management and budget and the  
8 institutions of higher education shall implement such procedures as are necessary  
9 for the inspection, testing, and acceptance of ~~supplies and equipment~~ commodities  
10 or services to determine that ~~goods~~ those received are in conformity with contract  
11 specifications.

12 2. When it is determined to be impractical to initially prepare a purchase description  
13 to support an award based on price, a solicitation may be issued requesting the  
14 submission of unpriced offers to be followed by a competitive bidding or  
15 competitive proposal process limited to those bidders or offerors found to be  
16 qualified under the criteria set forth in the first solicitation.

17 **SECTION 10.** A new section to chapter 54-44.4 of the North Dakota Century Code is  
18 created and enacted as follows:

19 **Competitive sealed proposals - Exempt records.**

20 1. A contract for commodities or services may be entered by competitive sealed  
21 proposals when a determination is made that the use of competitive sealed bidding  
22 is either not practicable or not advantageous to the state. The request for proposal  
23 must state the relative importance of price and other factors and subfactors, if any.

24 2. Proposals must be opened so as to avoid disclosure of contents to competing  
25 offerors during the process of negotiation. All proposals received pursuant to a  
26 competitive sealed proposal process are exempt records under subsection 5 of  
27 section 44-04-17.1 until an award is made.

28 3. Discussions may be conducted with responsible offerors who submit proposals  
29 determined to be reasonably susceptible of being selected for award for the  
30 purpose of clarification to assure full understanding of, and responsiveness to, the  
31 solicitation requirements. Offerors must be accorded fair and equal treatment with

1           respect to any opportunity for discussion and revision of proposals, and revisions  
2           may be permitted after submissions and before award for the purpose of obtaining  
3           best and final offers. In conducting discussions, there may be no disclosure of any  
4           information derived from proposals submitted by competing offerors.

5           4. Unless all proposals are rejected, award must be made to the responsible offeror  
6           whose proposal conforms to the solicitation and is determined, in writing, to be the  
7           most advantageous to the state, taking into consideration price and the evaluation  
8           factors set forth in the request for proposals. No other factors or criteria may be  
9           used in the evaluation. The contract file must contain the basis on which the  
10           award is made. Written notice of the award of the contract to the successful  
11           offeror must be promptly given to all offerors.

12           **SECTION 11.** A new section to chapter 54-44.4 of the North Dakota Century Code is  
13 created and enacted as follows:

14           **Small purchases.**

15           1. A procurement not exceeding the amount established by written directive of the  
16           director of the office of management and budget under section 54-44.4-02 or by  
17           the state board of higher education under subsection 5 of section 15-10-17 may be  
18           made in accordance with small purchase procedures.

19           2. A small purchase need not be made through competitive sealed bidding or  
20           competitive sealed proposals. However, small purchases must be made with  
21           competition that is practicable under the circumstances.

22           3. Procurement requirements may not be artificially divided as to constitute a small  
23           purchase under this section.

24           4. The director of the office of management and budget may establish and  
25           administer, including by contract with a provider, a system of procurement for  
26           commodities agencies are authorized to purchase under this section. If the  
27           director establishes a purchasing card system under this subsection, the director  
28           may designate which agencies are required to use the purchasing card system for  
29           purchasing commodities under this section.

30           **SECTION 12.** A new section to chapter 54-44.4 of the North Dakota Century Code is  
31 created and enacted as follows:

1           **Resolution of protested solicitations and awards.**

- 2           1. An interested party may protest the award of a contract, the notice of intent to  
3           award a contract, or a solicitation for commodities or services by the office of  
4           management and budget or purchasing agency under this chapter. The protest  
5           must be submitted in writing to the procurement officer responsible for the contract  
6           or solicitation within seven calendar days after the protestor knows or should have  
7           known of the facts giving rise to the protest.
- 8           2. If a contract has been awarded, the procurement officer immediately shall give  
9           notice of a protest to the contractor. In the case of pending award, a stay of award  
10           may be requested. A stay must be granted unless a written determination is made  
11           that the award of the contract without delay is necessary to protect the interests of  
12           the state.
- 13           3. If the protest is not resolved by mutual agreement, the procurement officer  
14           promptly shall send by certified mail to the protestor a written decision containing  
15           the basis for the decision and inform the protestor of the protestor's right to appeal.
- 16           4. The protestor may file an appeal of the decision rendered by the procurement  
17           officer with the director of the office of management and budget or designee. An  
18           appeal must be filed in writing within seven calendar days after the protestor  
19           receives the decision rendered by the procurement officer of the office of  
20           management and budget or the purchasing agency. The appeal must include a  
21           copy of the decision being appealed and the basis for the appeal. Within seven  
22           calendar days the director of the office of management and budget or the director's  
23           designee shall send by certified mail written notice of the decision to the protestor.

24           **SECTION 13. AMENDMENT.** Subsections 1, 2, and 4 of section 54-44.4-09 of the  
25 North Dakota Century Code are amended and reenacted as follows:

- 26           1. The office of management and budget shall establish and maintain current lists of  
27           persons that desire to provide commodities or services to the state. Every person  
28           or ~~business entity~~ that desires to bid or submit a proposal on contracts for  
29           commodities or services awarded under this chapter must be an approved vendor  
30           in order to receive a request for bids or proposals. ~~Unless waived by the director~~  
31           of the office of management and budget, or the director's designee, a bid or

1 ~~proposal may not be considered under this section from any vendor that is not~~  
2 ~~approved~~ be placed on the bidders list. The office of management and budget or  
3 the purchasing agency shall use the list when issuing invitation for bids or request  
4 for proposals over the amount established for small purchases, except as  
5 otherwise provided in this section.

6 2. To become an approved vendor a person ~~or business entity~~ shall file an  
7 application with the office of management and budget. The application must  
8 contain information requested by the office of management and budget, including  
9 business and persons' names, telephone numbers, addresses, federal tax  
10 identification numbers, type of business organization, ~~other permits or licenses~~  
11 ~~issued by this state and related numbers, the nature of the business and the~~  
12 ~~products sold, the types of bids or proposals in~~ commodities or services for which  
13 the applicant is interested, references in receiving solicitations, and other business  
14 information the office of management and budget determines relevant. The  
15 application must also contain a statement appointing the secretary of state as the  
16 applicant's agent for service of process pursuant to subsection 3. The application  
17 must be signed and certified by an owner, partner, or company officer authorized  
18 by company bylaws or other organizational document to bind the company. The  
19 signature requirement may include the use of an electronic signature as defined in  
20 section 9-16-01 when authorized under section 9-16-17. The office of  
21 management and budget may require proof of the signing person's authority by  
22 certified copy of appropriate company documents.

23 4. ~~The director of the office of management and budget, or the director's designee,~~  
24 ~~procurement officer~~ may waive the requirements for registration with the secretary  
25 ~~of state as provided in this section and~~ authorize receipt of a bid or proposal from a  
26 vendor that unqualifiedly refuses to register as provided in this section if the  
27 director or the director's designee is not on the list of approved vendors if the  
28 procurement officer makes a written determination that:

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

- 1           b. ~~An emergency as defined in subsection 7 of section 54-44.4-02 exists; or~~  
2           e. ~~The commodity to be purchased is a one time purchase for which at least two~~  
3           ~~approved vendors are not available and the director of the office of~~  
4           ~~management and budget, or the director's designee, determines~~  
5           ~~consideration of bids or proposals from unregistered vendors is in the best~~  
6           ~~interest of the state~~ it is in the best interest of the state to receive the bid or  
7           proposal. The successful bidder or offeror must become approved before the  
8           award and the existence of this approval requirement must be stated in the  
9           solicitation. If an unapproved vendor is selected for award, the vendor's bid  
10           or proposal may be rejected if that vendor fails to become approved within  
11           sixty days or within a shorter period as specified in writing by the procurement  
12           officer. Before issuing a solicitation, the procurement officer may waive the  
13           approval requirement if the procurement officer determines, in consultation  
14           with the secretary of state, that registration with the secretary of state and  
15           appointment of an agent for service of process in this state are not required.  
16           The waiver of the approval requirement must be stated in the solicitation. In  
17           the event of a tie bid or proposal, the ~~registered~~ approved vendor must be  
18           given preference.

19           **SECTION 14. OFFICE OF MANAGEMENT AND BUDGET - PROCUREMENT**

20           **STUDY.** During the 2003-04 interim, the director of the office of management and budget shall  
21           conduct a comprehensive study of the state procurement process, including all relevant laws,  
22           rules, and guidelines. The director shall prepare a bill to address inefficiencies,  
23           inconsistencies, and outmoded procurement provisions discovered as a result of this study and  
24           request introduction of the bill as an agency bill in the fifty-ninth legislative assembly.

25           **SECTION 15. EFFECTIVE DATE.** Sections 3, 5, and 6 of this Act become effective on  
26           July 1, 2004.

27           **SECTION 16. EXPIRATION DATE.** Sections 2 and 4 of this Act are effective through  
28           June 30, 2004, and after that date are ineffective.