

1999 HOUSE INDUSTRY, BUSINESS AND LABOR
HB 1442

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1442

House Industry, Business and Labor Committee

Conference Committee

Hearing Date 1-26-99

Tape Number	Side A	Side B	Meter #
2		x	5.3
Committee Clerk Signature <i>Lisa Horner</i>			

Minutes:

HB 1442 Relating to Providing a bidding preference for North Dakota based information technology business, and competitive bidding on purchases.

Chairman Berg opened the hearing on the bill.

Representative Blair Thorseson, District 44, Fargo, ND, introduced and testified in support of the bill.

(see attached written testimony)

Mr. Joe Nicholas, Employee of Red River Net, Fargo, ND and interim chair of ND Infrastructure testified in support of the bill. Young people are leaving the state. Large cities are attracting the

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House Industry, Business and Labor Committee

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people to them. The bill should reverse the pattern. This bill will generate more income than it will cost.

Questions and discussion followed.

The fiscal note reflects that it will cost funds to implement the bill.

Ms. Linda Engmann, Acting Director of Central Services Division, Office of Management and Budget testified in opposition to the bill. The registration in the bill is not necessary. Having a second set of standards is a hindrance on bidders. Vendors bidding out of state work will be charged a 5% surcharge. State statute requires that contracts are awarded to lowest evaluated bidder. She went on to explain the fiscal note. Sometimes multi vendors can supply items purchased through multiple contracts. These allow flexibility to purchasers. Her office would like to be contacted on amendments that may be considered in future.

Chairman Berg closed the hearing on the bill.

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1442 2-2-99

House Industry, Business and Labor

Conference Committee

Hearing Date 2-2-99

Tape Number	Side A	Side B	Meter #
1		x	28.4-33.3
Committee Clerk Signature <i>Lisa Horner</i>			

Minutes:

Chairman Berg brought back HB1442 for consideration.

Rep. Lemieux : The only thing we could do in N.D. would be to give a preference to minorities.

Rep. Thoreson thinks we need to look at something for N.D. in this area. But he said we could kill the bill, if we want.

ACTION: Rep. Lemieux made a motion of DO NOT PASS and Rep. Klein seconded the motion. ROLL CALL VOTE: 15 YES and 0 NO with 0 ABSENT. Passed. Rep. Lemieux will carry the bill.

Date: 2-2-77
Roll Call Vote #: 1

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1442

House Industry, Business and Labor Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken Do not pass

Motion Made By Lemieux Seconded By Klein

Representatives	Yes	No	Representatives	Yes	No
Chair - Berg	/		Rep. Thorpe	/	
Vice Chair - Kempenich	/				
Rep. Brekke	/				
Rep. Eckstrom	/				
Rep. Froseth	/				
Rep. Glassheim	/				
Rep. Johnson	/				
Rep. Keiser	/				
Rep. Klein	/				
Rep. Koppang	/				
Rep. Lemieux	/				
Rep. Martinson	/				
Rep. Severson	/				
Rep. Stefonowicz	/				

Total (Yes) 15 No 0

Absent _____

Floor Assignment Lemieux

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
February 2, 1999 4:37 p.m.

Module No: HR-21-1723
Carrier: Lemieux
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1442: Industry, Business and Labor Committee (Rep. Berg, Chairman) recommends **DO NOT PASS** (15 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1442 was placed on the Eleventh order on the calendar.

1999 TESTIMONY

HB 1442

TESTIMONY IN SUPPORT OF HB 1442
1:00 PM
TUESDAY, JANUARY 26, 1999
HOUSE INDUSTRY, BUSINESS AND LABOR COMMITTEE
RICK BERG, CHAIRMAN

THANK YOU CHAIRMAN BERG AND MEMBERS OF THE HOUSE INDUSTRY, BUSINESS AND LABOR COMMITTEE. FOR THE RECORD, I AM REPRESENTATIVE BLAIR THORESON FROM DISTRICT 44 IN NORTHEAST FARGO.

I AM HERE TODAY TO INTRODUCE HOUSE BILL 1442, WHICH, WHEN ENACTED, WILL CREATE A BIDDING PREFERENCE FOR NORTH DAKOTA COMPANIES WHICH ARE INVOLVED IN THE BURGEONING AREA OF PROVIDING INFORMATION TECHNOLOGIES. BASICALLY, WHEN AN IN-STATE PROVIDER OF INFORMATION TECHNOLOGY SERVICES BIDS ON A STATE CONTRACT, AND IS WITHIN FIVE PERCENT OF THE LOWEST BID, THE CONTRACT WILL BE AWARDED TO THE IN-STATE PROVIDER.

I HAVE INTRODUCED THIS BILL AT THE REQUEST OF NORTH DAKOTA INFORMATION INFRASTRUCTURE, WHICH IS A NEW INDUSTRY GROUP THAT REPRESENTS NORTH DAKOTA-BASED INFORMATION TECHNOLOGY COMPANIES. THESE COMPANIES HAVE JOINED TOGETHER TO GIVE A VOICE FOR THEIR INDUSTRY, ALONG WITH PROMOTING ECONOMIC AND JOB GROWTH IN OUR STATE THROUGH EXPANSION OF THEIR BUSINESSES.

IN HIS STATE OF THE STATE ADDRESS EARLIER THIS MONTH, GOV. SCHAFER REFERRED TO THE PEOPLE INVOLVED WITH INFORMATION AND TECHNOLOGY DEVELOPMENT AS THE "NEW PIONEERS" IN OUR STATE. JUST AS OUR PARENTS AND GRANDPARENTS PERFECTED AGRICULTURE HERE IN NORTH DAKOTA DURING THIS CENTURY, OUR INFORMATION TECHNOLOGY PROVIDERS WILL HELP DEVELOP THE "INFOCULTURE" WHICH WILL GUIDE US IN THE 21ST CENTURY. IT'S MY BELIEF THAT THE STATE GOVERNMENT MUST TAKE THE LEAD IN SHOWING SUPPORT FOR THESE EXCITING NEW COMPANIES.

IF THERE ARE NO QUESTIONS AT THIS TIME, I WOULD LIKE TO INTRODUCE JOE NICHOLAS, WHO IS HERE TODAY ON BEHALF OF NDII.

THANK YOU.

Testimony on H.B 1442
By Linda Engmann, Acting Director
OMB, Central Services Division
January 26, 1999

Chairman Berg and members of the committee, my name is Linda Engmann. I am the acting director of the Central Services Division of the Office of Management and Budget. I am here to testify in opposition to this bill.

Vendor registration as required in this bill is not necessary. HB 1170 addresses the issue of vendor registration. HB 1170 requires that all vendors wishing to do business with the State of North Dakota be registered with the Secretary of State's Office. The requirements under the Secretary of State's laws apply to vendors for all types of products and services. One set of registration criteria should apply to all vendors for all commodities. The requirements for registration in this bill would be in addition to the requirements of HB 1170 thereby placing an additional burden on information technology businesses.

But more importantly, this bill penalizes North Dakota vendors for this commodity. Preference laws are reciprocal. In other words, if North Dakota gives a 5% preference to North Dakota vendors, these same vendors will be penalized 5% when bidding on the same products or services in other states. Let me give you an example. NET, Inc. from Devils Lake bids on a computer system for the State Health Department. Let's assume their bid is second to an out-of-state bidder but is within the 5% preference proposed in this bill. NET, Inc. would be awarded the bid. This is good for NET, Inc. Now let's assume NET Inc. bids on a similar system for an agency in Minnesota. Because this type of law is reciprocal, Minnesota will automatically add 5% to NET, Inc.'s bid. This 5% could and probably would make the difference as to whether or not they would get the bid in Minnesota. This is not good for NET, Inc. The issue of reciprocity is even more critical for vendors based in our border cities. Do we really want to do this to them or to any of our North Dakota vendors?

I urge a "do not pass" on this bill. However, if the committee recommends a "do pass", I respectfully ask that this office be contacted regarding an amendment to clarify some of the language in the bill as currently written.

This concludes my testimony. I would be happy to answer any questions you have.