

**FIRST ENGROSSMENT
with Senate Amendments****ENGROSSED HOUSE BILL NO. 1125**

Introduced by

Government and Veterans Affairs Committee

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

1 A BILL for an Act to amend and reenact subsection 7 of section 54-44.4-02, section 54-44.4-05,
2 and subsections 1 and 4 of section 54-44.4-09 of the North Dakota Century Code, relating to
3 justification for emergency purchases, variations on competitive bidding, and exemptions from
4 vendor registration; and to provide for legislative intent.

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

6 **SECTION 1. AMENDMENT.** Subsection 7 of section 54-44.4-02 of the 1999
7 Supplement to the North Dakota Century Code is amended and reenacted as follows:

8 7. Emergency purchases the office of management and budget cannot make within
9 the required time and which involve public health or public safety, or where
10 immediate expenditures are necessary for repairs of state property to protect it
11 against further loss or damage, or to prevent or minimize serious disruption in state
12 services. Emergency purchases must be made with the level of competition
13 practicable under the circumstances, and a written determination of the basis for
14 the emergency and for the selection of the particular contractor must be included in
15 the contract file.

16 **SECTION 2. AMENDMENT.** Section 54-44.4-05 of the 1999 Supplement to the North
17 Dakota Century Code is amended and reenacted as follows:

18 **54-44.4-05. Competitive ~~bidding on~~, limited competitive, noncompetitive, and**
19 **negotiated purchases - Other government purchasing contracts - Exempt records.**

20 1. Except as otherwise provided in ~~section~~ sections 44-08-01 and ~~section~~ 25-16.2-02,
21 and in this section, purchasing contracts must be awarded to the lowest
22 responsible bidder considering conformity with specifications, terms of delivery,
23 and quality and serviceability. The office of management and budget may reject
24 any or all bids or negotiate for a lower price with a successful bidder. Each bid

received, with the name of the bidder, must be recorded. The office of management and budget may enter into term contracts for the acquisition of commodities or services, and may make multiple awards for term commodity or service contracts when it deems a multiple award to be in the best interests of the state. Until the date and time set for receiving and opening bids and proposals pursuant to a request for bids or proposals, all bids and proposals received under this chapter are exempt records under subsection 5 of section 44-04-17.1.

2. The office of management and budget shall adopt rules specifying the circumstances under which competition may be waived or limited, when negotiation may be used, and specifying the required justifications and procedures for using those methods of purchasing. The circumstances that may permit limited competitive, noncompetitive, or negotiated purchases include:

- a. The commodity is available from only one supplier.
- b. The commodity is available from another governmental entity's contract.
- c. The commodity is to be purchased for experimentation or trial.
- d. Competitive bidding has failed to produce a bidder.
- e. Commodities are being purchased for over-the-counter resale.
- f. Acceptable goods are produced or provided by correctional institutions or other government agencies.
- g. The anticipated cost of purchasing specified goods is less than an amount determined by the office of management and budget which would justify the expense of competitive bidding.
- h. A used commodity is advantageous to the state and the commodity is available only on short notice.
- i. The commodity is a component or replacement part for which there is no commercially available substitute and which can be obtained only from the manufacturer.
- j. Compatibility with equipment currently owned by the state is essential to the proper functioning of that equipment.

3. If the director of the office of management and budget determines it to be in the best interest of the state, the office of management and budget may agree to

1 purchase according to contracts entered into by the United States general services
2 administration, or may enter into cooperative purchasing agreements with a
3 cooperative purchasing group of other state governments.

4 **SECTION 3. AMENDMENT.** Subsections 1 and 4 of section 54-44.4-09 of the 1999
5 Supplement to the North Dakota Century Code are amended and reenacted as follows:

- 6 1. Every person or business entity that desires to bid or submit a proposal on
7 contracts for commodities awarded under this chapter must be an approved
8 vendor in order to receive a request for bids or proposals. Unless waived by the
9 director of the office of management and budget, or the director's designee, a bid
10 or proposal may not be considered under this section from any vendor that is not
11 approved.
- 12 4. The director of the office of management and budget, or the director's designee,
13 may waive the requirements for registration with the secretary of state as provided
14 in this section and authorize receipt of a bid or proposal from a vendor that
15 unqualifiedly refuses to register as provided in this section if the director or the
16 director's designee makes a written determination that:
- 17 a. A commodity is so unique and possesses such specific characteristics
18 essential to the government program in question that it is available only from
19 one source and not through wholesalers or retailers; or
- 20 b. An emergency as defined in subsection 7 of section 54-44.4-02 exists; or
- 21 c. The commodity to be purchased is a one-time purchase for which at least two
22 approved vendors are not available and the director of the office of
23 management and budget, or the director's designee, determines
24 consideration of bids or proposals from unregistered vendors is in the best
25 interest of the state. In the event of a tie bid or proposal, the registered
26 vendor must be given preference.

27 **SECTION 4. LEGISLATIVE INTENT.** It is the intent of the fifty-seventh legislative
28 assembly that the office of management and budget in consultation with the attorney general
29 develop standards and guidelines for the procurement of contracts for services and if
30 appropriate, submit proposed legislation to the fifty-eighth legislative assembly regarding those
31 standards and guidelines. State agencies are encouraged to follow the standards and

Fifty-seventh
Legislative Assembly

- 1 guidelines as set forth by the office of management and budget and develop agency guidelines
- 2 for procurement of contracts for service.