

TESTIMONY OF

Sherry Neas, Director, Central Services Division

Good morning, Chairman Louser and members of the committee. My name is Sherry Neas, Central Services Division Director, and Chief Procurement Officer, with the Office of Management and Budget (OMB). OMB opposes HB 1368, as introduced.

HB 1368 would create a new section in NDCC Chapter 44-08 providing that, "...a public entity may not enter a contract with a company to acquire or dispose of services, supplies, information technology, or construction unless the contract includes a written certification that the company is not engaged in, and agrees for the duration of the contract to not engage in, a boycott of goods or services from Israel."

This broad language would impact all state agencies, higher education institutions, and political subdivisions. The bill targets companies with more than ten employees and contracts valued at over \$100,000. We estimate this bill would impact thousands of government contracts.

Currently, government contract decisions are based upon an evaluation the quality, price, and timely delivery of what we are buying, and the experience and qualifications of the potential contractor. This bill seeks to materially change the procurement process for all government entities. If this bill were enacted, the primary consideration for contracting decisions would be tied to the political beliefs and opinions expressed by the potential contractor.

This bill mixes politics and procurement. This bill would complicate the procurement process and could adversely impact competition. There may be contractors who provide very important goods, services and information technology that refuse to sign contracts that include this provision, adversely impacting North Dakota government entities. As introduced, this bill provides no flexibility to negotiate this provision which could result in significant time delays and additional legal costs.

OMB opposes HB 1368. While this bill is well-intend, it would complicate procurement and contracting and could have legal implications. I would be happy to answer any questions and would be available to provide any assistance requested by the committee to draft amendments if you choose to amend the bill to address the concerns raised today.

Thank you, Mr. Chairman and committee members. This concludes my testimony.