

Department of Legislative Services  
Maryland General Assembly

FISCAL NOTE

Revised

House Bill 1131 (Washington County Delegation)

Commerce & Government Matters

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**Washington County - Procurement - Intergovernmental Cooperative Purchasing**

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This amended bill authorizes the Washington County Board of Commissioners to: (1) allow a “governmental entity” to procure goods and services through a contract entered into by the county; and (2) procure goods and services through a contract entered into by another “governmental entity” in accordance with the terms of the contract. Governmental entity is defined as the federal government or an agency or instrumentality of the federal government; the State government, another state, or an agency or instrumentality of the State or another state; or another county, a municipality, or other political subdivision of the State or another state or an instrumentality of a political subdivision. A determination to allow or participate in an intergovernmental cooperative purchasing agreement must be by resolution and must either indicate that the participation will provide cost benefits or result in administrative efficiencies and savings or provide other justification.

This bill is effective July 1, 1998.

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**Fiscal Summary**

**State Effect:** Potential minimal decrease in expenditures. Revenues would not be affected.

**Local Effect:** Potential decrease in expenditures. Revenues would not be affected.

**Small Business Effect:** Potential meaningful.

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**Fiscal Analysis**

**Background:** Chapter 680 of 1997 authorizes State procurement units to participate in intergovernmental cooperative purchasing agreements when the State is expected to achieve a better price or to otherwise benefit. It also authorizes a political subdivision of the State to participate in an intergovernmental cooperative purchasing agreement sponsored by a State procurement unit.

**State Expenditures:** To the extent that the State makes purchases based on Washington County contracts, administrative costs for contracting could decrease. In addition, cooperative purchasing may result in lower prices based on volume discounts. If only contracts with better terms than the State could find independently are used, expenditures due to contract prices would decrease. Any decreases in State expenditures cannot be reliably estimated at this time, but are assumed to be minimal since it is less likely that Washington County contracts would have better terms than State contracts.

As a point of reference, the State spent about \$411 million on supplies and equipment in fiscal 1996, the latest year for which such information is available.

**Local Expenditures:** To the extent that Washington County makes purchases based on contracts entered into by another governmental entity, administrative costs for contracting could decrease. In addition, cooperative purchasing may result in lower prices based on volume discounts. If only contracts with better terms than the county could find independently are used, expenditures due to contract prices would decrease. Any decreases in expenditures cannot be reliably estimated at this time.

To the extent that other counties, municipalities, or other political subdivisions of the State make purchases based on Washington County contracts, expenditures could be affected as discussed above.

**Small Business Effect:** Small businesses that have contracts with governmental entities could benefit from increased business as a result of intergovernmental cooperative purchasing arrangements. However, cooperative purchasing agreements could result in larger volume purchases that small businesses may not have the capacity to fulfill.

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**Information Source(s):** Washington County, Department of Legislative Services

**Fiscal Note History:** First Reader - March 3, 1998

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Revised - House Third Reader - March 19, 1998

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