

Department of Legislative Services
Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE

Senate Bill 831

(Senator Astle)

Education, Health, and Environmental Affairs

Health and Government Operations

Procurement - Primary Procurement Unit - Participation under a Federal Contract

This bill authorizes primary procurement units to participate in federal contracts with no restriction on the value of the State's participation.

Fiscal Summary

State Effect: Minimal decrease, all funds, in State contract costs and procurement administration.

Local Effect: None.

Small Business Effect: Potential minimal.

Analysis

Current Law: With the approval of the unit head, primary procurement units may become a party to or participate under intergovernmental cooperative purchasing agreements. The unit head is required to make a determination in writing that includes a statement that the agreement (1) will provide cost benefits to the State, promote administrative efficiencies, or promote intergovernmental cooperation; and (2) is not intended to evade State procurement law. Primary procurement units may not participate in intergovernmental cooperative purchasing agreements if the State's participation is valued at less than \$250,000.

Background: This bill is the recommendation of the Task Force to Study Efficiency in Procurement (Chapter 386 of 2003). The task force was briefed by the federal General Services Administration (GSA) on the development of GSA schedules and discussed the ability to improve administrative efficiencies.

Statute defines the primary procurement units as:

- Department of General Services;
- Department of Budget and Management;
- Department of Transportation;
- Department of Public Safety and Correctional Services;
- State Treasurer;
- Morgan State University; and
- Maryland Port Commission.

State Fiscal Effect: To the extent that State agencies can participate in more federal contracts and recognize economy of scale savings due to the buying power of the federal government, procurement costs could decline. To the extent that State personnel are no longer required to administer procurements that can now be achieved through intergovernmental cooperative purchasing agreements, State expenditures for procurement administration may decrease.

Small Business Effect: To the extent that small businesses currently providing goods and services to the State are not a part of federal purchasing agreements, and a primary procurement unit determines that it is in the best interests of the State to use the federal purchasing agreement, small businesses could see reduced participation in State contracts. However, the Department of Legislative Services advises that the potential negative impact on small businesses in Maryland would be minimal. It would be relatively simple for Maryland firms to bid for inclusion in federal schedules.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of General Services, Board of Public Works, University System of Maryland, Maryland Department of Transportation, Department of Budget and Management, Department of Legislative Services

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n/hlb

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