

Department of Legislative Services
 Maryland General Assembly
 2004 Session

FISCAL AND POLICY NOTE
Revised

House Bill 702 (Delegate Morhaim, *et al.*)
 Health and Government Operations Education, Health, and Environmental Affairs

Procurement - Request for Proposals or Invitation for Bids - Notice

This bill alters the required notice State agencies must provide on invitations for bids (IFBs), requests for proposals (RFPs), and awarding of certain contracts. The bill also prohibits units from charging a fee to access certain information, requires the Department of Budget and Management (DBM) to establish certain fees, and requires agencies to retain specified amounts from certain contracts.

The bill is effective July 1, 2005 with certain provisions effective July 1, 2006.

Fiscal Summary

State Effect: State expenditures (general and special) could decrease by \$6,100 in FY 2005. Special fund revenues could decrease by \$30,600 in FY 2005 due to reduced subscription revenue for *Contract Weekly* and *Contract Weekly Online*. Out-year expenditures reflect hiring one position, annualization, and inflation; revenues reflect phasing out *Contract Weekly* and *Contract Weekly Online*.

(in dollars)	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
SF Revenue	(\$30,600)	(\$145,800)	(\$179,900)	(\$179,900)	(\$179,900)
GF Expenditure	0	60,400	58,600	62,000	65,700
SF Expenditure	(6,100)	(32,000)	(42,600)	(42,600)	(42,600)
Net Effect	(\$24,500)	(\$174,200)	(\$195,900)	(\$199,300)	(\$203,000)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: Local jurisdictions will no longer be able to advertise IFBs or RFPs in *Contract Weekly* or on *Contract Weekly Online*. Local jurisdictions would be able to utilize eMaryland Marketplace (eMM) for advertising purposes.

Small Business Effect: Potential minimal.

Analysis

Bill Summary: Major provisions of this bill include:

- notice of (1) an IFB and an RFP; and (2) the award of a contract in excess of \$25,000 resulting from a competitive sealed bid or a competitive sealed proposal, in *Contract Weekly*, *Contract Weekly Online*, and eMM until July 1, 2006 and only on eMM on and after July 1, 2006;
- notice of the award of a contract from an unsolicited proposal in *Contract Weekly*, on eMM, and in at least one newspaper of general circulation in the county of the agency to be served and, if applicable, the county of the client population to be served by the agency under the contract until July 1, 2006 and then after July 1, 2006 that notice must be placed in only eMM and in at least one newspaper;
- notice of the approval of a contract resulting from auction bids in *Contract Weekly* and on eMM until July 1, 2006 and only on eMM on and after July 1, 2006;
- units are not permitted to charge a fee for access to the information that is required to be published;
- DBM is required to establish by regulation, and annually adjust each fiscal year, fees to be deducted from each procurement contract required to have notice provided on eMM;
- units are required to deduct and retain the fee specified by DBM; and
- striking obsolete references to *Contract Weekly* and inserting references to eMM. This provision is effective July 1, 2006.

Current Law: Units are required to give reasonable notice of at least 10 days of an IFB or a RFP. Units are required to publish notice in the *Contract Weekly* and *Contract Weekly Online*. Units may publish the information on a bid board or eMM; or in a newspaper, periodical, or trade journal. Notice of intent to award a contract from an unsolicited proposal must be provided in at least one newspaper of general circulation in the county of the agency to be served by the contract and, if applicable, the county of the client population to be served by the agency under the contract.

Background: There are currently two subscription levels for eMM. The basic subscription (\$150 annually) allows a vendor to enter their business information, identify their goods and services they wish to register with the State, and to view and respond to all open bids. Premium subscriptions (\$225 annually) allow vendors to enter their

business information, identify their goods and services they wish to register with the State, view and respond to all open bids, and receive automatic notification via email for all requests for bids for the goods and services the vendor has registered.

The Division of State Documents indicates there were 1,723 solicitations in fiscal 2003 from *Contract Weekly* and *Contract Weekly Online* that would be required to shift to eMM. The Department of General Services (DGS) indicates there were 2,414 solicitations published on eMM in fiscal 2003. DGS indicates that the eMM contract vendor estimates annual operating expenditures for eMM total \$1.6 million. With over 2,400 solicitations processed through eMM in fiscal 2003, the average cost per solicitation would be \$500. The contractor currently collects \$526,000 in subscription revenues directly from eMM users to offset these costs. This bill would increase the eMM administrators revenue from eMM users by \$1,074,000 to \$1.6 million.

State Revenues: The Secretary of State estimates that special fund revenues from subscriptions to *Contract Weekly* and *Contract Weekly Online* will decline by \$30,560 in fiscal 2005. The Secretary estimates that the agency will no longer accept subscriptions after January 1, 2006. The fully phased-in revenue loss will be \$179,858 in fiscal 2007.

State Expenditures: Special fund expenditures in the Secretary of State will decrease by \$6,138 in fiscal 2005 and by \$42,600 beginning in fiscal 2007 due to reduced printing and communications expenditures. Out-year estimates reflect the phasing out of *Contract Weekly* and *Contract Weekly Online*.

General fund expenditures could increase by an estimated \$60,435 in fiscal 2006, which accounts for the bill's July 1, 2005 effective date. This estimate reflects the cost of hiring one accountant to review eMM costs and set appropriate fees to recover those costs from solicitations through eMM. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Small Business Effect: Small businesses would have to search in only one location to find State contracts. Small businesses will recognize reduced subscription expenses of up to \$375 annually (\$225 for premium eMM and \$150 for both *Contract Weekly* and *Contract Weekly Online*). Businesses will not pay to access information on notice of IFBs, RFPs, or notices of awards of unsolicited proposals. To the extent that small businesses are awarded State contracts through eMM, there would be a minimal increase in fees due to the cost-recovery fees charged to maintain eMM.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Secretary of State, 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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