

Department of Legislative Services
Maryland General Assembly
2009 Session

FISCAL AND POLICY NOTE

House Bill 1203 (Delegate Rosenberg)
Health and Government Operations

**Procurement - Intergovernmental Cooperative Purchasing Agreements -
Contracts**

This bill requires the Department of General Services (DGS) to advertise a solicitation for an intergovernmental cooperative purchasing agreement on eMaryland Marketplace for 21 days if the agreement could reduce the number of current contractors by either 50% or to a single contractor. If it enters into an intergovernmental purchasing agreement, DGS must procure the same products or services for use by a county, municipal corporation, or other political subdivision of the State.

Fiscal Summary

State Effect: The bill does not materially affect State finances, to the extent that local government entities, and not the State, pay for supplies and services procured through intergovernmental cooperative purchasing agreements. *DGS did not respond to repeated requests for information about this bill.*

Local Effect: Potential meaningful expenditure reductions to the extent that the purchasing power and efficiencies of cooperative purchasing agreements provide lower prices for supplies and services than local government entities can procure on their own.

Small Business Effect: Meaningful.

Analysis

Current Law: The State's primary procurement units may sponsor or participate in cooperative purchasing agreements if the unit head finds in writing that the agreement provides cost or administrative benefits to the State or promotes intergovernmental

cooperation, and that it is not intended to evade State procurement law. Primary procurement units are the:

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

State Fiscal Effect: DGS did not respond to repeated requests for information about this bill. DGS's published reports do not contain any information on the frequency with which it initiates or participates in intergovernmental cooperative purchasing, as allowed by State procurement law. Therefore, Legislative Services cannot estimate the full extent of the bill's effect. To the extent that its purpose is to give local government entities access to State procurements for products and services, it has no effect on State finances or operations.

Local Fiscal Effect: The bill gives local government entities the opportunity to purchase products and supplies through State cooperative purchasing agreements rather than through local procurements. To the extent that State contracts provide products and services at lower costs than local procurements, local government entities may reduce their procurement costs.

Small Business Effect: Small businesses that are party to State cooperative purchasing agreements may expand their sales to include local government entities. However, small businesses that currently provide products and services to local governments may be displaced by large suppliers that are party to cooperative purchasing agreements. These suppliers likely have wider distribution networks and can offer lower prices due to economies of scale.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Harford and Talbot counties, City of Havre de Grace, Board of Public Works, Department of Budget and Management, Maryland-National Capital Park and Planning Commission, Maryland Department of Transportation, University System of Maryland, Department of Legislative Services

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