



House of Representatives

File No. 775

General Assembly

February Session, 2008

(Reprint of File No. 480)

Substitute House Bill No. 5899
As Amended by House Amendment Schedule
"A"

Approved by the Legislative Commissioner
May 2, 2008

**AN ACT CONCERNING ON-LINE PROCUREMENT BY STATE
AGENCIES, MUNICIPALITIES AND REGIONAL AND LOCAL SCHOOL
DISTRICTS.**

Be it enacted by the Senate and House of Representatives in General
Assembly convened:

1 Section 1. (NEW) (*Effective from passage*) (a) For the purposes of this
2 section:

3 (1) "Reverse auction" means an on-line bidding process in which
4 qualified bidders or qualified proposers, anonymous to each other,
5 submit bids or proposals to provide goods or supplies pursuant to an
6 invitation to bid or request for proposals; and

7 (2) "Contracting agency" means a state agency with statutory
8 authority to award contracts for goods or supplies, or a political
9 subdivision of the state or school district.

10 (b) Notwithstanding any provision of the general statutes,
11 whenever a contracting agency determines that the use of a reverse
12 auction is advantageous to the contracting agency and will ensure a
13 competitive contract award, the contracting agency may use a reverse

14 auction to award a contract for goods or supplies, in accordance with
15 any applicable requirement of the general statutes and policies of the
16 contracting agency. The contracting agency may contract with a third
17 party to prepare and manage any such reverse auction.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 09 \$	FY 10 \$
Department of Administrative Services; Various State Agencies	GF - Savings	Potential	Potential

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 09 \$	FY 10 \$
Various Municipalities	Savings	Potential	Potential

Explanation

The bill allows the state, municipalities, and school districts to use reverse auctions when awarding a contract for goods or supplies. Utilizing reverse auctions should result in a savings as it is expected to secure more competitive prices from vendors.

House "A" struck the underlying bill and its associated fiscal impact. The substitute language results in the fiscal impact described above.

OLR Bill Analysis**sHB 5899 (as amended by House "A")******AN ACT CONCERNING ON-LINE PROCUREMENT BY STATE AGENCIES, MUNICIPALITIES AND REGIONAL AND LOCAL SCHOOL DISTRICTS.*****SUMMARY:**

This bill allows contracting agencies to use a reverse auction to award contracts for goods or supplies if they determine that doing so would be advantageous to the agencies and ensure a competitive contract award. Contracting agencies may contract with a third party to prepare and manage the reverse auction. The bill requires that agencies comply with their policies and any applicable statutory requirements when using a reverse auction to award these contracts.

Under the bill, "contracting agencies" are state agencies with statutory authority to award contracts for goods or supplies, political subdivisions of the state, and school districts. "Reverse auction" means an on-line bidding process in which qualified bidders and proposers anonymously submit bids or proposals to provide goods or supplies pursuant to an invitation to bid or request for proposals.

*House Amendment "A" replaces the original bill, which (1) required the administrative services commissioner to adopt regulations on using the Internet to contract for goods, services, and supplies and (2) expanded the processes Executive Branch state agencies may use to purchase or contract for supplies, materials, equipment, and personal services to include reverse auctions.

EFFECTIVE DATE: Upon passage

BACKGROUND

Purchasing

By law, the administrative services commissioner is generally responsible for purchasing, leasing, or contracting for supplies, materials, equipment, and personal services that most Executive Branch agencies require. She may delegate to the head of individual agencies the authority to make their own purchases or contracts. The law requires the commissioner to purchase or contract for supplies, materials, equipment, and personal services, when possible, based on competitive bids or competitive negotiation (CGS § 4a-57).

By law, municipalities may, by ordinance, establish requirements for awarding contracts through competitive bidding (CGS § 7-148v).

COMMITTEE ACTION

Government Administration and Elections Committee

Joint Favorable Substitute
Yea 12 Nay 0 (03/17/2008)

Education Committee

Joint Favorable
Yea 18 Nay 10 (04/15/2008)

Planning and Development Committee

Joint Favorable
Yea 16 Nay 4 (04/23/2008)