HOUSE BILL NO. 24 1 INTRODUCED BY KVAALEN 2 3 A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE AND Ł 5 CLARIFY THE LAWS RELATING TO PUBLIC CONTRACTS: AMENDING SECTIONS 82-1131, 82-1133, 82-1147, 82-1150, 82-1917, 7 82-1922, 82-1926, AND 82-1932, R.C.B. 1947: AND REPEALING SECTIONS 82-1104, 82-1139, 82-1902, 82-1904.1, 82-1904.2, 9 82-1906, 82-1909, 82-1913, AND 82-1915." 10 11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: 12 Section 1. Section 82-1131, R.C.H. 1947, is amended to 13 read as follows: 14 "82-1131. Advertising for bids when required-15 contracts -- requiresents -- advertising -- prohibiting subterfuge 16 to avoid intent of this act Bids required - advertising. 17 (1) In all cases, it shall be It is unlawful for the board 18 of examiners or any offices, departments, institutions, or any agent of the state of Montana acting for or in behalf of 19 said the state to do, to cause to be done, or to let any 20 21 contract for the construction of buildings or the alteration 22 and improvement of buildings and adjacent grounds on behalf 23 of and for the benefit of the state where when the amount 24 involved is ene thousand dollars (\$1,000,00) \$10,000 or more 25 without first advertising in at least one 411 issue each

week for three (3) consecutive weeks in two (2) newspapers published in the state, one (4) of which must be published at the seat of government, and the other in the county where the work is to be performed, calling for sealed bids to perform such work and stating the time and place, when and where cush bids will be considered. (2) All such jobs of work shall may be done, caused to be done, or contracted for only after competitive bidding. 9 (3) In any case, if If no bid for such tob of work 10 shall-be is accepted, such the work shall may not be done or 11 accomplished, and the same shall The work may be readvertised, from time to time, until the same shall be 12 13 awarded to a qualified competitive bidder. therefor." 14 Section 2. Section 82-1133, R.C.M. 1947, is amended to 15 read as follows: 16 "82-1133. Number of bids required - certified-check 17 to-accompany bid bid security. There must be bids from at 18 least two--(2) three responsible contractors in their respective lines when said the contract involves an 19 20 expenditure of more than two thousand-dollars (\$2,000.00); 21 \$3,000, each Each bid must be accompanied by a certified check for 5% of the amount of his the bid- as bid security," 22 23 Section 3. Section 82-1147, R.C.E. 1947, is amended to 24 read as follows:

"82-1147. Public --- works -- contracts - gay include

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LC 0057/01 LC 0057/01

type: or

1 provisions required by federal agencies Contract provisions 2 necessary - federal funds. In all contracts let for state. 3 county, municipal, and school construction, repair. and or maintenance work under any of the laws of this state, when 5 the funds for such the projects are supplied in whole or in 6 part from funds of the United States government, it shall be 7 is lawful to insert in each of said the contracts any and 8 all such provisions that are, or will be, necessary to have 9 such contract conform to the provisions of the National 10 Industrial Recovery Act. or any federal statutes or 11 regulation, under which such funds are supplied." 12 Section 4. Section 82-1150, R.C.M. 1947, is amended to 13 read as follows: 14 "82-1150. Basis of Folio measurement. (1) The 15 following is the basis of measurement for the computation of 16 folios in the various sizes of type is hereby fixed and 17 prescribed as fellows: when set in a column 13 ems pica 18 wide, and constitutes a folio within the meaning of 82-1149 19 through 82-1153: (a) Twolve (12) lines of six (6) point type; 20 21 (b) fourteen (14) lines of seven-(7) point 7-point 22 type; or 23 (c) sixteen (16) lines of eight (8) point 3-point 24 type: or (d) eighteen-(18) lines of nine (9)-point 9-point 25

2 (e) twenty (20) lines of ten (10) - point 10-point type+. in-each-and-every instance, by actual count, 3 4 (2) A carefully verified, actual count shall 5 constitute a folio within the meaning of this act, when set in a column thirteen (13) one pica wide be made of the 7 folio." Section 5. Section 82-1917, R.C.M. 1947, is amended to 8 9 read as follows: 10 #82-1917. Requisitions for supplies - manner of 11 letting contracts. (1) State officers, agencies, and 12 institutions shall tabulate in detail the amount of supplies 13 on hand for any class of merchandise for a period as 14 determined by the department, and the additional supplies 15 needed for a period of time not to exceed one 1 year's 16 supply. The department shall make examination of examine the 17 amount of supplies on hand and shall determine from that 18 examination and from the furnished statements, the 19 additional amount of supplies necessary and shall make an 20 itemized statement thereof, all of which acts of the 21 department are subject to approval of the governor. As soon 22 as the department determines what kind of supplies and the 23 amount necessary for the state to purchase for its state 24 offices, agencies, or institutions, the department shall 25 make the purchases.

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1 (2) All purchases by the department shall be based on 2 competitive bids. On any purchase where when the estimated 3 expenditure is two-thousand-dellars (\$2,000) or over, sealed bids shall be solicited by mail from each person, firm, or 5 corporation who has filed with the department a request in writing that it be listed for solicitation on bids for such particular items set forth in such listing. Rowever, if a В person, firm, or corporation whose name is listed fails to 9 respond to any solicitation for bids, after the receipt of 10 two such solicitations, such listing shall, within the 11 discretion of the department, be canceled. It is within the 12 discretion of the department to advertise for such 13 purchases. If bids are solicited through advertising, the 14 advertisement shall be made in at least three newspapers, 15 (one of which must be a daily), of general circulation 16 printed within the state, once each week for two-{2} 17 consecutive weeks, and the advertisement shall state that 18 sealed proposals will be received by the department, up to a 19 time to be mentioned therein, for furnishing supplies for 20 the state offices, agencies, or institutions. The notice shall also state that detailed statements of supplies to be 21 furnished are on file at the office of the department and 22 subject to inspection, and that at a certain time, to be 23 24 therein mentioned, the proposals will be opened, and 25 contracts awarded to the lowest responsible bidder.

- 1 (3) On purchases where the estimated expenditure is
  2 less than two-thousand-dellars-(\$2,000), bids shall be
  3 secured without advertising, but the department shall
  4 solicit bids for the supplies by notice sent by mail to
  5 prospective suppliers whose names are listed as provided
  6 above, which notice shall contain the same information as is
  7 herein required to be set forth in advertisements.
- 8 (4) In the case of all bids as herein provided, there
  9 shall be separate proposals and separate contracts. Each
  10 proposal may be accompanied by sample supplies proposed to
  11 be furnished. The proposals shall be in writing, sealed, and
  12 marked, "proposals for furnishing supplies," and shall be
  13 addressed to the department of administration, Helena,
  14 Montana.
- (5) At the time set for the opening of bids, the 15 16 proposals shall be opened in public, and contracts awarded 17 to the lowest responsible bidder. The department may reject 18 any and all bids bid. If all proposals be rejected. 19 proposals shall again be invited and proceeded with in the same manner: however, in that event, the department may, 20 21 with the approval of the governor, purchase the supplies on 22 the open market if they can be so purchased at a better 23 price.
- 24 (6) With any proposal the department may require a 25 certified check on some responsible bank, payable to the

LC 0057/01 LC 0057/01

treasurer of the state, equal in amount to five per cent 2 45%) of the sum of the proposal, as a quarantee for the 3 faithful performance of any contract awarded. After the award is made, all checks deposited as a quarantee shall be returned, except that of the successful bidder whose check shall be held until the contract is signed and the bond filed and approved, if a bond is required. All proposals shall include the delivery of the supplies to the agencies 9 and institutions for which they are purchased.

(7) The state officers, agencies, or institutions, may not purchage any supplies or saterial, except on approval of the department."

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13 Section 6. Section 82-1922, R.C.M. 1947, is amended to read as follows:

"82-1922. Transfer of contract forbidden agreement between bidders invalidates contracts - interest in contracts by state-officers forbidden -- penalty Contract transfers and collusion prohibited - violations and penalty. (1) No contract or order or any interest therein may be transferred by the party to whom the contract or order is given to any other party, and the state may declare void any such transfer.

23 (2) Collusion or secret agreements between bidders for the purpose of securing any advantage to the bidders as against the state in the awarding of contracts is

prohibited, and the The state may declare the contract woid 1 if the department finds sufficient evidence after a contract 2 has been let that the contract was obtained by a bidder or 3 bidders, by reason of collusive or secret agreement among the bidders to the disadvantage of the state. 5

(2) (3) All rights of action, however, for a breach of a contract by the contracting parties are reserved to the state.

9 (4) A person who violates the provisions of this act 10 59-501 or this section, or both, is quilty of a misdemeanor 11 and shall be fined not less than five hundred dollars (\$500) 12 nor or more than five thousand dollars (\$5,000), and the 13 state of Montana shall have the right may at its option to 14 declare any contract in violation of the provisions of this 15 act 59-501 or this section, or both, void ab initio."

16 Section 7. Section 82-1926, R.C.M. 1947, is amended to 17 read as follows:

"82-1926. Contract provision-for-proference to Montana 18 19 products failure to comply federal aid projects \_\_ Montana product preference provisions. [1] Each contract awarded by 20 21 any political subdivision, school district, public 22 corporation, or agency of the state of Montana shall contain 23 among its provisions a requirement that in all instances 24 products manufactured or produced in this state by Montana industry and labor shall be preferred for use in all 25

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LC 0057/01

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projects and in all materials, supplies, and equipment,

procured if such products, materials, equipment, and

supplies are comparable in price and quality. Further, in

this semestion.

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(2) it It is the intent of this ast 82-1924, 82-1925, and 82-1926 that wherever whenever possible, products manufactured and produced in this state which are suitable substitutes for products manufactured or produced outside the state and comparable in price, quality, and performance, shall be preferred for use in all projects and in all state institutions.

12 (3) Failure to comply with the law in this respect

13 shall disqualify such contractor as a qualified bidder for

14 future contracts with the state of Montana, any legal

15 subdivision of the state of Montana, any school district,

16 public corporation, or agency for a period of two (2) years.

14) The preference herein given to Montana products shall apply to contracts involving funds obtained from the federal government unless expressly prohibited by the laws of the United States or regulations adopted pursuant thereto."

22 Section 8. Section 82-1932, R.C.M. 1947, is amended to 23 read as follows:

24 "82-1932. Small <u>Designation of small</u> business 25 set-asides <u>designation</u>. (1) Each department has authority

commodities, equipment, or services, except those services rendered and furnished by registered professions, such asbut not limited to, accountants, attorneys, architects, dentists, engineers, land surveyors, optometrists. physicians, and pharmacists, for which purchase has been requested under the Montana Small Business Purchasing Act. Such a designation shall be made prior to the advertisement for bids in a daily state newspaper, and when the 10 advertisement is published, it shall indicate the purchases 11 which have been designated small business set-asides. To 12 effectuate the purposes of this act 82-1929 through 82-1937, 13 a department shall exercise this authority whenever there is a reasonable expectation that bids will be obtained from at 14 least three (3) small businesses capable of furnishing the 15 16 desired property or service at a fair and reasonable price. 17 (2) In the case of purchase designated as small 18 business set-asides, invitations to bid shall be confined to small businesses and bids from other businesses shall be 19 rejected. The purpose purchase, contract, or expenditure of 20 21 funds shall be awarded to the lowest responsible bidder 22 among the small businesses (considering conformity with 23 specifications and terms) in accordance with the rules and 24 regulations for purchasing published by the department."

to designate as small business set-asides specified

LC 0057/01

-9-

Section 9. There is a new R.C.M. section that reads as

follows:

institution, and official.

- 2 General procurement duties of department of 3 administration. (1) The department shall make or supervise 4 the making of all purchases of goods and services for the 5 legislature, the supreme court, and each state agency,
- 7 (2) Unless otherwise provided by law, the legislature,
  8 the supreme court, or any state agency, institution, or
  9 official may not purchase goods or services unless the
  10 purchase is supervised by the department.
- 10 purchase is supervised by the department.

  11 Section 10. Repealer. Sections 82-1104, 82-1139,

  12 82-1902, 82-1904.1, 82-1904.2, 82-1906, 82-1909, 82-1913,

  13 and 82-1915, R.C.M. 1947, are repealed.

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TAT MC KITTRICK

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EXECUTIVE DIRECTOR

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ROBERTA MOODY

SUPERVISOR, ALTER SYSTEM



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LC 0057

1977 Legislature Code Commissioner Bill - Summary

House Bill No. 24

TO GENERALLY REVISE AND CLARIFY THE LAWS RELATING TO PUBLIC CONTRACTS.

(This summary does not include discussion of routine form or grammatical changes.)

Section 1. 82-1131. Change the words "one thousand dollars (\$1,000)" to "\$10,000" to conform to provisions of 82-3317, a more recent legislative enactment, which sets \$10,000 as minimum construction contract to which formal bid advertising requirements apply. Informal requirements are set for \$3,000 to \$10,000 contracts.

Section 2. 82-1133. Change the words "two thousand dollars (\$2,000)" to "\$3,000". Provisions relating to advertising or bidding are not required to be applied where proposed construction costs are less than \$3,000. See 82-3317. Change word "two (2)" to "three" to conform to requirement of 82-3317 that three bids need be solicited.

Section 3. 82-1147. Delete the words "the provisions of the National Industrial Recovery Act, or". Act has been repealed.

Section 4. 82-1150. Rearranged and reworded to clarify.

Section 5. 82-1917. Delete subsection (7) which prohibits purchases other than those made with department of administration approval. Subsection (7) is merged with 82-1902, 82-1906, and 82-1909 in section 9 of this bill.

Section 6. 82-1922. Replace the word "act" with the words "59-501 or this section or both". Penalty provision originally applied only to this section. The word section was amended to act as part of a two-section act, Chapter 43,

LC 0057 Page 2

Laws, 1973, sections 59-501 and 82-1922. Chapter 326, Laws, 1974, reenacted section as part of act injecting department of administration where appropriate. The penalty application was therefore inadvertently enlarged by the 1974 reenactment.

- Section 7. 82-1926. Insert the word "procured" after the word "equipment" in middle of first paragraph so as to read "for use in all projects and in all materials, supplies, and equipment procured, if...".
- Section 8. 82-1932. Change the word "purpose" to "purchase" in second sentence of second paragraph to read "The purchase, contract, or expenditure of funds...".
- Section 9. Composite of sections 82-1902, 82-1906, 82-1909, and 82-1917(7) insofar as those sections deal with the general purchasing duties of the department. Sections are redundant as now composed.

Section 10. Repealers.

- 82-1104. Substantive provisions of "Act" referred to in this section have been repealed by section 101, Chapter 199, Laws, 1965, the effect of which has been to repeal substance of section.
- 82-1139. 82-1917(6) leaves to the discretion of the department of administration whether to require a performance bond or labor or materials bond or both. 82-1139 requires bid security of 200% and performance bond of an equal amount, the former being retained as a performance bond after serving as bid security. 82-1917(6) is the more recent legislative enactment. 82-1139 is recommended for repeal due to the noted conflicts.
- 82-1904.1. Coal burning furnaces are not now installed in any state building. Preference therefore is not applicable.
- 82-1904.2. Conversion from coal to other heat producing agents is complete.
- 82-1913. 82-1917(2) and (3) set forth the department's duties as regards soliciting bids for state purchases. 82-1924 requires the department to let contracts to lowest responsible bidder. 82-1913 is redundant.
- 82-1915. The power of the department to contract for supplies, etc., is provided for in 82-1906. The duty to contract with lowest bidder is contained in 82-1924. Advertising, such as is required, is provided for in 82-1917(2) and (3). 82-1915 is redundant.

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Approved by Committee on State Administration

INTRODUCED BY \_\_\_ KVAALEN 2 3 A RILL FOR AN ACT ENTITLED: MAN ACT TO GENERALLY REVISE AND CLARIPY THE LAWS RELATING TO PUBLIC CONTRACTS; AMENDING 5 SECTIONS 82-1131, 82-1133, 82-1147, 82-1150, 82-1917, 82-1922, 82-1926, AND 82-1932, R.C.H. 1947; AND REPEALING 7 SECTIONS 82-1104, 82-1139, 82-1902, 82-1904.1, 82-1904.2, 9 82-1906, 82-1909, 82-1913, AND 82-1915.\* 10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: 11 Section 1. Section 82-1131, R.C.M. 1947, is amended to 12 read as follows: 13 "82-1131. Advertising for bids when required-14 contracts - requirements - advertising - prohibiting subterfuge 15 to avoid intent of this act Bids required - advertising. 16 (1) In-all cases, it shall be It is unlawful for the board 17 of examiners or any offices, departments, institutions, or 18 any agent of the state of Montana acting for or in behalf of 19 said the state to do, to cause to be done, or to let any 20 contract for the construction of buildings or the alteration 21 and improvement of buildings and adjacent grounds on behalf 22 23 of and for the benefit of the state where when the amount involved is one thousand dollars (\$1,000.00) \$10,000 or more 24 without first advertising in at least one (4) issue each 2.5

HOUSE BILL NO. 24

1 week for three-(3) consecutive weeks in two (2) newspapers published in the state, one (4) of which must be published 3 at the seat of government, and the other in the county where the work is to be performed, calling for sealed bids to perform such work and stating the time and place, when and where-such bids will be considered. 7 (2) All such jobs of work shall may be done, caused to be done, or contracted for only after competitive bidding. 9 (3) In any case, if If no bid for such job of work 10 shall be is accepted, such the work shall may not be done or 11 accomplished, and the same shall The work may be readvertisedy from time to time, until the same shall be 12 13 awarded to a qualified competitive bidder, therefore 14 Section 2. Section 82-1133, R.C.M. 1947, is amended to 15 read as follows: 16 "82-1133. Number of bids required - certified-sheek 17 to-accompany bid bid security. There must be bids from at 18 least two-(2) three responsible contractors in their 19 respective lines when said the contract involves an 20 expenditure of more than two thousand dollars (\$2,000,00). 21 \$3,000, each Each bid must be accompanied by a certified 22 check for 5% of the amount of his the bid+ as bid security." 23 Section 3. Section 82-1147, R.C.M. 1947, is amended to 24 read as follows:

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"82-1147. Public -- works -- contracts -- may include

LC 0057/01

type; or

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provisions required by federal agencies Contract provisions 2 necessary - federal funds. In all contracts let for state, 3 county, municipal, and school construction, repair, and or maintenance work under any of the laws of this state, when 5 the funds for such the projects are supplied in whole or in part from funds of the United States government, it shall be 7 is lawful to insert in each of said the contracts any and all such provisions that are, or will be, necessary to have such contract conform to the provisions of the National 10 Industrial Recovery Act, or any federal statutes or 11 regulation, under which such funds are supplied." 12 Section 4. Section 82-1150, R.C.H. 1947, is amended to 13 read as follows: 14 \*82-1150. Basis of Folio measurement. (1) The 15 following is the basis of measurement for the computation of 16 folios in the various sizes of type is hereby fixed and prescribed as follower, when set in a column 13 ems pica 17 wide, and constitutes a folio within the meaning of 82-1149 18 19 through 82-1153: 20 (a) Twelve-(12) lines of six-(6)-point 6-point type; 21 (b) fourteen (14) lines of ceres (7) point 7-point 22 type: or (c) sixteen (16) lines of eight (8) point 23

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type: or

3 type+. in-each-and-avery instance, by actual-count, (2) A carefully verified, actual count shall constitute a folio within the meaning of this act, when cet in a column thirteen (13) ems pica wide be made of the folio." В Section 5. Section 82-1917, R.C.M. 1947, is amended to read as follows: 10 #82-1917. Requisitions for supplies - manner of 11 letting contracts. (1) State officers, agencies, and 12 institutions shall tabulate in detail the amount of supplies 13 on hand for any class of merchandise for a period as 14 determined by the department, and the additional supplies 15 needed for a period of time not to exceed ene 1 year's supply. The department shall make examination of examine the 17 amount of supplies on hand and shall determine from that 18 examination and from the furnished statements, the 19 additional amount of supplies necessary and shall make an 20 itemized statement thereof, all of which acts of the department are subject to approval of the governor. As soon 22 as the department determines what kind of supplies and the 23 amount necessary for the state to purchase for its state 24 offices, agencies, or institutions, the department shall 25 make the purchases.

(e) twenty-(20) lines of ten-(10) point 10-point

LC 0057/01

(d) eighteen-(18) lines of nine-(9) point 9-point

LC 0057/01 LC 0057/01

(2) All purchases by the department shall be based on competitive bids. On any purchase where when the estimated expenditure is two-thousand dollars (\$2,000) or over, sealed bids shall be solicited by mail from each person, firm, or corporation who has filed with the department a request in writing that it be listed for solicitation on bids for such particular items set forth in such listing. However, if a person, firm, or corporation whose name is listed fails to respond to any solicitation for bids, after the receipt of two such solicitations, such listing shall, within the discretion of the department, be canceled. It is within the discretion of the department to advertise for such purchases. If bids are solicited through advertising, the advertisement shall be made in at least three newspapers, (one of which must be a daily), of general circulation printed within the state, once each week for two-{2} consecutive weeks, and the advertisement shall state that sealed proposals will be received by the department, up to a time to be mentioned therein, for furnishing supplies for the state offices, agencies, or institutions. The notice shall also state that detailed statements of supplies to be furnished are on file at the office of the department and subject to inspection, and that at a certain time, to be therein mentioned, the proposals will be opened, and contracts awarded to the lowest responsible bidder.

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  2 less than two-thousand-dellars—(\$2,000), bids shall be
  3 secured without advertising, but the department shall
  4 solicit bids for the supplies by notice sent by mail to
  5 prospective suppliers whose names are listed as provided
  6 above, which notice shall contain the same information as is
  7 herein required to be set forth in advertisements.
- 8 (4) In the case of all bids as herein provided, there
  9 shall be separate proposals and separate contracts. Each
  10 proposal may be accompanied by sample supplies proposed to
  11 be furnished. The proposals shall be in writing, sealed, and
  12 marked, "proposals for furnishing supplies," and shall be
  13 addressed to the department of administration, Belena,
  14 Hontana.
- (5) At the time set for the opening of bids, the 15 proposals shall be opened in public, and contracts awarded 16 17 to the lowest responsible bidder. The department may reject any and all-bids bid. If all proposals be rejected. 18 proposals shall again be invited and proceeded with in the 19 same manner: however, in that event, the department may. 20 21 with the approval of the governor, purchase the supplies on the open market if they can be so purchased at a better 22 23 price.
- 24 (6) With any proposal the department may require a 25 certified check on some responsible bank, payable to the

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LC 0057/01

- 1 treasurer of the state, equal in amount to five per cent 2 45%) of the sum of the proposal, as a quarantee for the 3 faithful performance of any contract awarded. After the award is made, all checks deposited as a quarantee shall be 5 returned, except that of the successful bidder whose check 6 shall be held until the contract is signed and the bond 7 filed and approved, if a bond is required. All proposals 8 shall include the delivery of the supplies to the agencies 9 and institutions for which they are purchased.
- 11 set-purchase any supplies or saterial, except or approval of

  12 the department."

  13 Section 6 Section 82-1922 R.C. M. 1987 is appended to

(7) -- The state officers, aquasics, or institutions, may

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- Section 6. Section 82-1922, R.C.H. 1947, is amended to read as follows:
  - \*82-1922. Transfor of contract forbiddes agreement between bidders invalidates contracts interest in contracts by state officers forbidden penalty Contract transfers and collusion prohibited violations and penalty. (1) No contract or order or any interest therein may be transferred by the party to whom the contract or order is given to any other party, and the state may declare void any such transfer.
- 23 (2) Collusion or secret agreements between bidders for 24 the purpose of securing any advantage to the bidders as 25 against the state in the awarding of contracts is

- prohibited, and the The state may declare the contract void

  if the department finds sufficient evidence after a contract

  has been let that the contract was obtained by a bidder or

  bidders, by reason of collusive or secret agreement among

  the bidders to the disadvantage of the state.
- 6 (2)(3) All rights of action, bewever, for a breach of
  7 a contract by the contracting parties are reserved to the
  8 state.
- 9 (4) A person who violates the provisions of this act
  10 59-501 or this section, or both, is guilty of a misdemeanor
  11 and shall be fined not less than five hundred dellars (\$500)
  12 nor or more than five thousand dellars (\$5,000), and the
  13 state of Montana shall have the right may at its option to
  14 declare any contract in violation of the provisions of this
  15 act 59-501 or this section, or both, void ab initio."
- 16 Section 7. Section 82-1926, R.C.H. 1947, is amended to 17 read as follows:
- 18 #82-1926. Contract provision for proference to Hontana 19 products failure to comply federal aid projects - Montana 20 product preference provisions. (1) Each contract awarded by 21 any political subdivision, school district, public 22 corporation, or agency of the state of Montana shall contain 23 among its provisions a requirement that in all instances 24 products manufactured or produced in this state by Montana 25 industry and labor shall be preferred for use in all

LC 0057/01 LC 0057/01

projects and in all materials, supplies, and equipment, procured if such products, materials, equipment, and supplies are comparable in price and quality. Purther, in this connection,

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12) it It is the intent of this act 82-1924, 82-1925, and 82-1926 that wherever whenever possible, products manufactured and produced in this state which are suitable substitutes for products manufactured or produced outside the state and comparable in price, quality, and performance, shall be preferred for use in all projects and in all state institutions.

(3) Failure to comply with the law in this respect shall disqualify such contractor as a qualified bidder for future contracts with the state of Montana, any legal subdivision of the state of Montana, any school district, public corporation, or agency for a period of two (2) years.

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22 Section 8. Section 82-1932, R.C.M. 1947, is amended to 23 read as follows:

24 "82-1932. Small Designation of small business
25 set-asides—designation. (1) Each department has authority

to designate as small business set-asides specified 1 commodities, equipment, or services, except those services rendered and furnished by registered professions. such asbut not limited to, accountants, attorneys, architects, 5 dentists, engineers, land surveyors. optometrists. physicians, and pharmacists, for which purchase has been 7 requested under the Montana Small Business Purchasing Act. Such a designation shall be made prior to the advertisement 9 for bids in a daily state newspaper, and when the 10 advertisement is published, it shall indicate the purchases which have been designated small business set-asides. To 11 12 effectuate the purposes of this act 82-1929 through 82-1937. a department shall exercise this authority whenever there is 13 a reasonable expectation that bids will be obtained from at 14 15 least three (3) small businesses capable of furnishing the desired property or service at a fair and reasonable price. 16 17 (2) In the case of purchase designated as small 18 business set-asides, invitations to bid shall be confined to small businesses and bids from other businesses shall be 20 rejected. The purpose purchase, contract, or expenditure of funds shall be awarded to the lowest responsible bidder 21 among the small businesses (considering conformity with specifications and terms) in accordance with the rules and 24 regulations for purchasing published by the department." 25 Section 9. There is a new R.C.M. section that reads as

1 follows:

- 2 General procurement duties of department of
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- 4 the making of all purchases of goods and services for the
- 5 legislature, the supreme court, and each state agency,
- 6 institution, and official.
- 7 (2) Unless otherwise provided by law, the legislature,
- 8 the supreme court, or any state agency, institution, or
- 9 official may not purchase goods or services unless the
- 10 purchase is supervised by the department.
- 11 Section 10. Repealer. Sections 82-1104, 82-1139,
- 12 82-1902, 82-1904.1, 82-1904.2, 82-1906, 82-1909, 82-1913,
- 13 and 82-1915, R.C.M. 1947, are repealed.

-End-

HB 0024/02 HB 0024/02 45th Legislature

1	HOUSE BILL NG. 24
2	INTRODUCED BY KVAALEN
3	·
4	A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE AND
5	CLARIFY THE LAWS RELATING TO PUBLIC CONTRACTS; AMENDING
6	SECTIONS 82-1131, 82-1133, 82-1147, 82-1150, 82-1917,
7	82-1922, 82-1926, AND 82-1932, R.C.M. 1947; AND REPEALING
8	SECTIONS 82-1104, 82-1139, 82-1902, 82-1904.1, 82-1904.2,
9	82-1906, 82-1909, 82-1913, AND 82-1915.*
10	
11	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
12	Section 1. Section 82-1131, R.C.M. 1947, is amended to
13	read as follows:
14	*82-1131. Advertisingforbidswhenraquired
15	contractsrequirementsadvertisingprohibiting-subterfuge
16	toavoidintentof-this-act Bids_required advertising-
17	(1) In-all-casesy-it-shall-be It is unlawful for the board
18	of examiners or any offices, departments, institutions, or
19	any agent of the state of Montana acting for or in behalf of
20	said the state to do, to cause to be done, or to let any
21	contract for the construction of buildings or the alteration
22	and improvement of buildings and adjacent grounds on behalf
23	of and for the benefit of the state where when the amount
	of did for the belief to of the state where gives the bullet
24	involved is one-thousand-dollars-(\$1y808y80) \$10:000 or more
24 25	

1	week for three-{3} consecutive weeks in two {2} newspapers
2	published in the state, one (1) of which must be published
3	at the seat of government, and the other in the county where
4	the work is to be performed, calling for sealed bids to
5	perform such work and stating the time and place <del>y-when-and</del>
6	where-such bids will be considered.
7	(2) All such jobs-of work shall may be done, caused to
8	be done, or contracted for only after competitive bidding.
9	131 In-any-casev-if If no bid for such jobof work
10	shall-be is accepted, such the work shall may not be done or
11	accomplished and the same shall ! Ihe work may be
12	readvertisedy from time to timey until thesemeshollbe
13	awarded to a qualified competitive bidders therefore
14	Section 2. Section 82-1133, R.C.M. 1947, is amended to
15	read as follows:
16	#82-1133. Number of bids required certified-check
17	to-accompany-bid bid security. There must be bids from at
18	least two{2} three responsible contractors in their
19	respective lines when <del>said</del> <u>the</u> contract involves an
20	expenditure of more than two-thousand-dollars-(\$2;000:00);
21	\$3.000. each Each bid must be accompanied by a certified
22	check for 5% of the amount of his the bid as bid security.
23	Section 3. Section 82-1147, R.C.M. 1947, is amended to
24	read as follows:

\*82-1147. Public----works----contracts---may---include

HB 0024702

- provisions-required-by-federal-agencies Contract provisions
  necessary == federal funds. In all contracts let for state,
  county, municipal, and school construction, repair, and or
  maintenance work under any of the laws of this state, when
  the funds for such the projects are supplied in whole or in
  part from funds of the United States government, it shall be
  is lawful to insert in each of said the contracts any and
  all-such provisions that are, or will be necessary to have
  such contract conform to the provisions of the National
  industrial Recovery Actions any federal statutes or
  regulation, under which such funds are supplied.
- 12 Section 4. Section 82-1150, R.C.M. 1947, is amended to 13 read as follows:
  - \*82-1150. Basis --- of Folio measurement. (1) The following is the basis of measurement for the computation of folios in the various sizes of type is--hereby--fixed--and prescribed--as--followst. when set in a column 13 ems pica wide, and constitutes a folio within the meaning of 82-1149 through 82-1153:
- 20 (a) Twelve-f12) lines of six-f6)-point 6-point type:
- 21 (b) fourteen--(14) lines of seven-(7)-point <u>I-point</u>
- 22 type; <del>or</del>
- 23 (C) sixteen-{16} lines of eight--{8}--point 8-point
- 24 type; or

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25 (d) eighteen--(18) lines of nine--(9)-point 9-point

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l type; or

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2 <u>(e)</u> twenty-(20) lines of ten--(10)--point <u>10-point</u>
3 typet, in-each-and-every-instancey-by-actual-county

4 (2) A carefully verified actual count shall constitute a folio.\* shall remaining of this actual count shall constitute a folio.\*

8 Section 5. Section 82-1917, R.C.M. 1947, is amended to 9 read as follows:

#82-1917. Requisitions for supplies -- manner of letting contracts. (1) State officers, agencies, and institutions shall tabulate in detail the amount of supplies on hand for any class of merchandise for a period as determined by the departmenty and the additional supplies needed for a period of time not to exceed one 1 year's supply. The department shall make-examination-of examine the amount of supplies on hand and shall determine from that examination and from the furnished statementsy the additional amount of supplies necessary and shall make an itemized statement thereof. all of which acts of the department are subject to approval of the governor. As soon as the department determines what kind of supplies and the amount necessary for the state to purchase for its state offices, agencies, or institutions, the department shall make the purchases.

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(2) All purchases by the department shall be based on competitive bids. On any purchase where when the estimated expenditure is two-thousand-dollars-(\$2,000) or over, sealed bids shall be solicited by mail from each person, firm, or corporation who has filed with the department a request in writing that it be listed for solicitation on bids for such particular items set forth in such listing. However, if a person. firm. or corporation whose name is listed fails to respond to any solicitation for bids, after the receipt of two such solicitations, such listing shall, within the discretion of the department, be canceled. It is within the discretion of the department to advertise for such purchases. If bids are solicited through advertising, the advertisement shall be made in at least three newspapersy (one of which must be a daily) of general circulation printed within the state, once each week for two-{2} consecutive weeks, and the advertisement shall state that sabled proposals will be received by the department, up to a time to be mentioned therein, for furnishing supplies for the state offices, agencies, or institutions. The notice shall also state that detailed statements of supplies to be furnished are on file at the office of the department and subject to inspectiony and that at a certain timey to be therein mentionedy the proposals will be openedy contracts awarded to the lowest responsible bidder.

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- (3) On purchases where the estimated expenditure is less than two-thousand-dollars-(\$2,000), bids shall be secured without advertising, but the department shall solicit bids for the supplies by notice sent by mail to prospective suppliers whose names are listed as provided above, which notice shall contain the same information as is herein required to be set forth in advertisements.
- (4) In the case of all bids as herein provided, there shall be separate proposals and separate contracts. Each proposal may be accompanied by sample supplies proposed to be furnished. The proposals shall be in writing, sealed, and markedy "proposals—for—furnishing—suppliesy" IN ACCORDANCE WITH THE TERMS OF THE SOLICITATION FOR 810 and shall be addressed to the department of administration, Helena, Montana.
- 16 (5) At the time set for the opening of bids, the 17 proposals shall be opened in publicy and contracts awarded 13 to the lowest responsible bidder. The department may reject 19 any and-all-bids bid. If all proposals be rejected. 20 proposals shall again be invited and proceeded with in the 21 same manner; however, in that event, the department may, 22 with the approval of the governor, purchase the supplies on the open market if they can be so purchased at a better 23 24 price.
  - (6) With any proposal the department may require a

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HB 24

HB 0024/02 HB 0024/02

certified check on some responsible bank, payable to the treasurer of the state, equal in amount to five--per--cent 45%) of the sum of the proposaly. OR A 8ID BOND ISSUED BY A LICENSED SURETY COMPANY as a quarantee for the faithful performance of any contract awarded. After the award is made, all checks deposited as a quarantee shall be returned, except that of the successful bidder whose check shall be held until the contract is signed and the PERFORMANCE bond IS filed and approved, if a PERFORMANCE bond is required. All proposals shall include the delivery of the supplies to the agencies and institutions for which they care purchased IN ACCORDANCE WITH THE TERMS OF THE SOLICITATION FOR BID.

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Section 6. Section 82-1922, R.C.M. 1947, is amended to read as follows:

#82-1922. Transfer--of--contract-forbidden--agreement between-bidders-invalidates-contracts-interest-in-contracts by-state-officers-forbidden--penalty Contract transfers and collusion prohibited -- violations and penalty. (1) No contract or order or any interest therein may be transferred by the party to whom the contract or order is given to any other party, and the state may declare void any such transfer.

-7-

(2) Collusion or secret agreements between bidders for the purpose of securing any advantage to the oidders as against the state in the awarding of contracts is prohibited we and the Ihe state may declare the contract void if the department finds sufficient evidence after a contract has been let that the contract was obtained by a bidder or bidders we by reason of collusive or secret agreement among the bidders to the disadvantage of the state.

(2)(3) All rights of action—however— for a breach of a contract by the contracting parties are reserved to the state.

141 A person who violates the provisions of this—act 59-501 or this section, or both, is guilty of a misdemeanor and shall be fined not less than five-hundred-dollars-(\$500) nor οι more than five-thousand-dollars-(\$5,000), and the state of Montana shall-have the right may at its option to declare any contract in violation of the provisions of this act 59-501 or this section, or both, void ab initio."

19 Section 7. Section 82-1926, R.C.M. 1947, is amended to 20 read as follows:

\*82-1920. Contract provision-for-preference-to-Montana
products-failure-to-comply-federal-aid-projects -- Montana
product preference provisions. (1) Each contract awarded by
any political subdivision, school district, public
corporation, or agency of the state of Montana shall contain

HB 24 -8- HB 24

HB 0024/02

among its provisions a requirement that in all instances

products manufactured or produced in this state by Montana

industry and labor shall be preferred for use in all

projects and in all materials, supplies, and equipment,

procured if such products, materials, equipment, and

supplies are comparable in price and quality. Furthery--in

this-connections

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23 24 121 it It is the intent of this ect 82-1924. 82-1925.

and 82-1926 that wherever whenever possible, products
manufactured and produced in this state which are suitable
substitutes for products manufactured or produced outside
the state and comparable in price, quality, and performancev
shall be preferred for use in all projects and in all state
institutions.

(3) Failure to comply with the law in this respect shall disqualify such contractor as a qualified bidder for future contracts with the state of Montana, any legal subdivision of the state of Montana, any school district, public corporations or agency for a period of two-(2) years.

(4) The preference herein given to Montana products shall apply to contracts involving funds obtained from the federal government unless expressly prohibited by the laws of the United States or regulations adopted pursuant thereto.\*\*

25 Section 8. Section 82-1932, R.C.M. 1947, is amended to

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l read as follows:

2 #82-1932. Smell Designation of small business 3 set-asides----designation. (1) Each department has authority to designate as small business set-asides specified 5 commodities, equipment, or services, except those services rendered and furnished by registered professions, such asy 7 but not limited tow accountants, attorneys, architects, dentists. engineers, land surveyors. optometrists. physicians, and pharmacists, for which purchase has been 10 requested under the Montana Small Business Purchasing Act. 11 Such a designation shall be made prior to the advertisement 12 for bids in a daily state newspaper, and when the 13 advertisement is published, it shall indicate the purchases which have been designated small business set-asides. To 14 15 effectuate the purposes of this-act 82-1929 through 82-1937. 16 a department shall exercise this authority whenever there is 17 a reasonable expectation that bids will be obtained from at 18 least three (3) small businesses capable of furnishing the 19 desired property or service at a fair and reasonable price. 20 12) In the case of purchase designated as small 21 business set-asides, invitations to bid shall be confined to 22 small businesses and bids from other businesses shall be 23 rejected. The purpose gurchase, contract, or expenditure of 24 funds shall be awarded to the lowest responsible bidder 25 among the small businesses (considering conformity with

- specifications and terms) in accordance with the rules and regulations for purchasing published by the department.
- 3 Section 9. There is a new R.C.M. section that reads as 4 follows:
- General procurement duties of department of
   administration. (1) The department shall make or supervise
- administration. (1) The department shall make or supervise
   the making of all purchases of goods and services for the
- 8 legislature, the supreme court, and each state agency,
- 9 institution, and official.

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- 10 (2) Unless otherwise provided by law, the legislature,
- 11 the supreme court, or any state agency, institution, or
- 12 official may not purchase goods or services unless the
- 13 purchase is supervised by the department.
- 14 Section 10. Repealer. Sections 82-1104, 82-1139,
  - 82-1902, 82-1904.1, 82-1904.2, 82-1906, 82-1909, 82-1913,
- 16 and 82-1915, R.C.M. 1947, are repealed.

-End-

## Senate Standing COMMITTEE REPORTS Committee on State Administration

That House Bill No. 24 be amended as follows:

1. Amend page 2, section 2, lines 14 through 22.

Following: line 13

Strike: section 2 in its entirety

Renumber: subsequent sections

45th Legislature HB 0024/03

1 HOUSE BILL NO. 24 INTRODUCED BY KVAALEN 2 3 A BILL FOR AN ACT ENTITLED: MAN ACT TO GENERALLY REVISE AND CLARIFY THE LAWS RELATING TO PUBLIC CONTRACTS; AMENDING SECTIONS 82-1131, 82-1133, 82-1147, 82-1150, 82-1917, 82-1922, 82-1926, AND 82-1932, R.C.M. 1947; AND REPEALING 7 SECTIONS 82-1104, 82-1139, 82-1902, 82-1904.1, 82-1904.2, 82-1906, 82-1909, 82-1913, AND 82-1915." 9 10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: 11 12 Section 1. Section 82-1131, R.C.M. 1947, is amended to read as follows: 13 #82-1131. Advertising---for---bids--when----required--14 15 contracts--requirements--advertising--prohibiting-subterfuge 16 to--avoid--intent--of-this-act Bids required -- advertising. 17 (1) in-all-casesy-it-shall-be It is unlawful for the board 18 of examiners or any offices, departments, institutions, or 19 any agent of the state of Montana acting for or in behalf of said the state to do, to cause to be done, or to let any 2υ 21 contract for the construction of buildings or the alteration 22 and improvement of buildings and adjacent grounds on behalf 23 of and for the benefit of the state where when the amount

involved is one-thousand-dollars-(\$1,000.00) \$10.000 or more

without first advertising in at least one (1) issue each

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1	week for three-(3) consecutive weeks in two (2) newspapers
2	published in the state, one (1) of which must be published
3	at the seat of government, and the other in the county where
4	the work is to be performed, calling for sealed bids to
5	perform such work and stating the time and place <del>y-when-end</del>
6	where-such bids will be considered.
r	121 All such jobs-of work shall may be done; caused to
8	be done, or contracted for only after competitive bidding.
9	(3) in-eny-cosey-if $\underline{\mathbf{1f}}$ no bid for such jobof work
10	shell-be is accepted, such the work shell may not be done or
11	accomplishedva andthesameshall Ibe work may be
12	readvertisedy from time to timey until thesameshallbe
13	awarded to a qualified competitive bidder <u>a</u> therefore*
14	Section-2Section-82-1133y-RuCuMw-1947y-ts-amended-to
15	read-as-follows+
16	Md2-1133*Numberofbids-requiredcertified-check
17	to-accompany-bid <u>bid-security</u> There-must-be-b <del>idsfroma</del> t
18	leasttwo{2} three responsiblecontractorsintheir
19	respectivelineswhensaid the contractinvolvesan
26	expenditureofmore-than-two-thousand-dollars-(\$2y888y88);
21	#3x888x each Fach bid-must-beaccompaniedbyacertified
22	check-for-54-of-the-amount-of-his the bidy as-bid-securitys
23	Section 2. Section 82-1147, R.C.M. 1947, is amended to
24	read as follows:
25	M82-1147. Publicworkscontractsmayinclude

HB 0024/03

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type; or

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provisions-required-by-federal-agencies Contract provisions 1 necessary -- federal funds. In all contracts let for state, 2 county, municipals and school construction, repairs and or 3 maintenance work under any of the laws of this states when the funds for such the projects are supplied in whole or in part from funds of the United States government, it shall-be 6 7 is lawful to insert in each of said the contracts any and all-such provisions that arey or will bey necessary to have such contract conform to the--provisions-of-the-National 9 10 industrial--Recovery--Acty--or any federal statutes or regulationy under which such funds are supplied." 11 12 Section 3. Section 82-1150. R.C.M. 1947. is amended to 13 read as follows: 14 "82-1150. Basis---of Folio measurement. [1] The 15 following is the basis of measurement for the computation of 16 folios in the various sizes of type is-hereby-fixed-and 17 prescribed -- es--followst. when set in a column 13 ems pica 18 wides and constitutes a folio within the meaning of 82-1149 19 through 82-1153: 20 (a) Twelve-f12; lines of six-f6;-point 6-point type; 21 (b) fourteen--(14) lines of seven-(7)-point 1-point type; or 22 1c1 sixteen-(16) lines of eight--(8)--point 8-point 23

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type: or

(e) twenty-(20) .ines of ten--(10)--point type; in-each-end-every-instancey-by-actual-county 121 A carefully verified actual count shall constitute-a-folio-within-the-meaning-of-this-acty-when--set in-a-column-thirteen-(13)--ems-pica-wide be made of the folio." Section 4. Section 82-1917, R.C.M. 1947, is amended to read as follows: #82-1917. Requisitions for supplies -- manner of 10 letting contracts. (1) State officers, agencies, and 11 institutions shall tabulate in detail the amount of supplies 12 on hand for any class of merchandise for a period as 13 determined by the departmenty and the additional supplies 14 15 needed for a period of time not to exceed one 1 year's 16 supply. The department shall make-examination-of examine the amount of supplies on hand and shall determine from that 17 examination and from the furnished statements, the 18 additional amount of supplies necessary and shall make an 19 itemized statement thereof, all of which acts of the 20 department are subject to approval of the governor. As soon 21 as the department determines what kind of supplies and the 22 amount necessary for the state to purchase for its state 23 offices, agencies, or institutions, the department shall 24 make the purchases. 25

HB 24

(d) eighteen--(18) lines of nine--(9)-point 9-point

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HB 0024/03

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(2) All purchases by the department shall be based on competitive bids. On any purchase where when the estimated expenditure is two-thousand-dollars-t\$2,000) or over, sealed bids shall be solicited by mail from each person, firm, or corporation who has filed with the department a request in writing that it be listed for solicitation on bids for such particular items set forth in such listing. However, if a person, firm, or corporation whose name is listed fails to respond to any solicitation for bidsy after the receipt of two such solicitations, such listing shall, within the discretion of the department, be canceled. It is within the discretion of the department to advertise for such purchases. If bids are solicited through advertising, the advertisement shall be made in at least three newspapersy ione of which must be a dailyly of general circulation printed within the state, once each week for two-{2} consecutive weeks, and the advertisement shall state that sealed proposals will be received by the department, up to a time to be mentioned therein, for furnishing supplies for the state offices, agencies, or institutions. The notice shall also state that detailed statements of supplies to be furnished are on file at the office of the department and subject to inspectiony and that at a certain time, to be therein mentionedy the proposals will be openedy and contracts awarded to the lowest responsible bidder.

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- (3) On purchases where the estimated expenditure is less than two-thousand-dollars-(\$2,000), bids shall be secured without advertising, but the department shall solicit bids for the supplies by notice sent by mail to prospective suppliers whose names are listed as provided above, which notice shall contain the same information as is herein required to be set forth in advertisements.
- (4) In the case of all bids as herein provided, there shall be separate proposals and separate contracts. Each proposal may be accompanied by sample supplies proposed to be furnished. The proposals shall be in writing, sealed, and markedy "proposals—for—furnishing—suppliess" IN ACCORDANCE WITH THE TERMS OF THE SOLICITATION FOR BID and shall be addressed to the department of administration, Helena, Montana.
- (5) At the time set for the opening of bids, the proposals shall be opened in publicy and contracts awarded to the lowest responsible bidder. The department may reject any and—all—bids bid. If all proposals be rejected, proposals shall again be invited and proceeded with in the same manner; however, in that event, the department may, with the approval of the governor, purchase the supplies on the open market if they can be so purchased at a better price.
  - (b) with any proposal the department may require a

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HB 0024/03

certified check on some responsible bank, payable to the treasurer of the state, equal in amount to five—per—cent (5%) of the sum of the proposal v. OR A BIO BOND ISSUED BY A LICENSED SURETY COMPANY: as a guarantee for the faithful performance of any contract awarded. After the award is made, all checks deposited as a guarantee shall be returned, except that of the successful bidder whose check shall be held until the contract is signed and the PERFORMANCE bond IS filed and approved, if a PERFORMANCE bond is required. All proposals shall include the delivery of the supplies to the agencies and institutions for which they—are—purchased IN ACCORDANCE WITH THE IERMS OF THE SOLICITATION FOR BIO.

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(7)--The-state-officersy-agenciesy-or-institutionsy-may
not-purchase-any-supplies-or-materialy-except-on-approval-of
the-department\*\*

Section 5. Section 82-1922, R.C.N. 1947, is amended to read as follows:

#82-1922. Fransfer-of--contract-forbidden--agreement between-bidders-invalidates-contracts--interest-in-contracts by-state-officers-forbidden--penalty Contract transfers and collusion prohibited -- violations and penalty. (1) No contract or order or any interest therein may be transferred by the party to whom the contract or order is given to any other party, and the state may declare void any such transfer.

the purpose of securing any advantage to the bidders as against the state in the awarding of contracts is prohibited. and the Ine state may declare the contract void if the department finds sufficient evidence after a contract has been let that the contract was obtained by a bidder or bidders, by reason of collusive or secret agreement among the bidders to the disadvantage of the state.

9 (2)(3) All rights of actions—howevers for a breach of
10 a contract by the contracting parties are reserved to the
11 state.

[4] A person who violates the provisions of this-act
59-501 or this section. or both, is guilty of a misdemeanor
and shall be fined not less than five-hundred-dollars-(\$500)
nor or more than five-thousand-dollars-(\$5,000), and the
state of Montana shall-have-the-right may at its option to
declare any contract in violation of the provisions of this
eet 59-501 or this section, or both, void ab initio.\*\*

19 Section 6. Section 82-1926, R.C.M. 1947, is amended to 20 read as follows:

#82-1926. Contract provision-for-preference-to-Montana
products--failure-to-comply--federal-aid-projects \_\_\_ Montana
product\_preference\_provisions. [1] Each contract awarded by
any political subdivision, school district, public
corporations or agency of the state of Montana shall contain

HB 0024/03 HB 0024/03

among its provisions a requirement that in all instances products manufactured or produced in this state by Montana industry and labor shall be preferred for use in all projects and in all materials, supplies, and equipmenty producted if such products, materials, equipment, and supplies are comparable in price and quality. Furthery—in this—connections

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121 it It is the intent of this-act 82-1924, 82-1925, and 82-1926 that wherever whenever possible, products manufactured and produced in this state which are suitable substitutes for products manufactured or produced outside the state and comparable in price, quality, and performance, shall be preferred for use in all projects and in all state institutions.

(3) Failure to comply with the law in this respect shall disqualify such contractor as a qualified bidder for future contracts with the state of Montana, any legal subdivision of the state of Montana, any school district, public corporation, or agency for a period of two-{2} years.

(4) The preference herein given to Montana products shall apply to contracts involving funds obtained from the federal government unless expressly prohibited by the laws of the United States or regulations adopted pursuant thereto."

Section 7. Section 82-1932, R.C.M. 1947, is amended to

read as follows:

2 \*82-1932. Smell Designation of small business 3 set-asides----designation. (1) Each department has authority to designate as small business set-asides specified commodities, equipment, or services, except those services rendered and furnished by registered professions, such asy but not limited toy accountants, attorneys, architects, dentists, engineers, land surveyors. optometrists. physicians, and pharmacists, for which purchase has been 10 requested under the Montana Small Business Purchasing Act. 11 Such a designation shall be made prior to the advertisement 12 for bids in a daily state newspaper, and when the 13 advertisement is published, it shall indicate the purchases 14 which have been designated small business set-asides. To 15 effectuate the purposes of this-act 82-1929 through 82-1937, 16 a department shall exercise this authority whenever there is 17 a reasonable expectation that bids will be obtained from at 18 least three +3+ small businesses capable of furnishing the 19 desired property or service at a fair and reasonable price. 20 (2) In the case of purchase designated as small 21 business set-asides, invitations to bid shall be confined to 22 small businesses and bids from other businesses shall be 23 rejected. The purpose purchase, contract, or expenditure of 24 funds shall be awarded to the lowest responsible bidder among the small businesses (considering conformity with

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HB 0024/03

1 specifications and terms) in accordance with the rules and

Z regulations for purchasing published by the department.

- 3 Section 8. There is a new R.C.M. section that reads as
- 4 follows:
- 5 General procurement duties of department of
- 6 administration. (1) The department shall make or supervise
- I the making of all purchases of goods and services for the
- 8 legislature, the supreme court, and each state agency,
- y institution, and official.
- 10 (2) Unless otherwise provided by law, the legislature.
- 11 the supreme court, or any state agency, institution, or
- 12 official may not purchase goods or services unless the
- 13 purchase is supervised by the department.
- 14 Section 9. Repealer. Sections 82-1104, 82-1139,
- 15 82-1902, 82-1904.1, 82-1904.2, 82-1906, 82-1909, 82-1913,
- 16 and 82-1915, R.C.M. 1947, are repealed.

-End-