

SENATE BILL 354

Introduced by Beck, et al.

2/06	Introduced
2/06	Referred to Business & Industry
2/07	Fiscal Note Requested
2/09	Hearing
2/14	Fiscal Note Received
2/15	Fiscal Note Printed
	Died in Committee

1 *Senate* BILL NO. *354*  
 2 INTRODUCED BY *Back* *Thompson*  
 3 *Marshall* *DeBruin* *Patten* *Michals* *Bob Brown* *Campbell* *Hoffman*  
 4 A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING THE  
 5 DEPARTMENT OF ADMINISTRATION TO CONTRACT FOR THE PRINTING OF  
 6 PUBLIC DOCUMENTS; PROVIDING AND REVISING DEFINITIONS  
 7 REGARDING PRINTING; AMENDING SECTIONS 18-4-221, 18-7-101,  
 8 18-7-302, AND 18-7-307, MCA; AND REPEALING SECTION 18-7-305,  
 9 MCA."

10  
 11 STATEMENT OF INTENT

12 A statement of intent is required for this bill because  
 13 it grants to the department of administration the authority  
 14 to define by rule which printed documents are public  
 15 documents. It is the intent of the legislature that public  
 16 documents be defined as those printed publications that are  
 17 primarily intended for distribution to the public and not  
 18 primarily intended for state agencies or employees or bid  
 19 documents.

20  
 21 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

22 **Section 1.** Section 18-4-221, MCA, is amended to read:

23 "18-4-221. General procurement authority and duties of  
 24 department -- rules. (1) Except as otherwise provided in  
 25 this chapter, the department shall adopt rules, consistent

1 with this chapter, governing the procurement and disposal of  
 2 ~~any and all~~ supplies and services to be procured by the  
 3 state. The department shall consider and decide matters of  
 4 policy within the provisions of this chapter. The department  
 5 may audit and monitor the implementation of its rules and  
 6 the requirements of this chapter.

7 (2) Except as otherwise specifically provided by law,  
 8 the department shall, in accordance with its rules:

9 (a) procure or supervise the procurement of all  
 10 supplies and services needed by the state; and

11 (b) sell, trade, or otherwise dispose of surplus  
 12 supplies belonging to the state.

13 ~~{3}--Nothing contained herein shall preclude the state~~  
 14 ~~from doing its own printing on its own printing facilities--~~

15 **Section 2.** Section 18-7-101, MCA, is amended to read:

16 "18-7-101. Power to contract for printing. (1) For the  
 17 purpose of this section, the following definitions apply:

18 (a) "Duplicating" means the printed reproduction of an  
 19 image produced from a paper master plate printed on #4 or #5  
 20 sulphite paper no larger than 11x17 inches and printed with  
 21 one color only and with no more than a standard letter fold.

22 (b) "Printing" means the reproduction of an image from  
 23 a printing surface made by a contact impression that causes  
 24 a transfer of ink or the reproduction of the impression by a  
 25 photographic process and includes graphic arts, typesetting,

binding, and other operations necessary to produce a finished printed product. Printing does not include photocopy reproduction, production of an original document on a typewriter or personal computer, or rebinding or repair by a library (or an office, department, board, or commission of the library) of books, journals, pamphlets, magazines, and literary articles held as part of its library collection.

(2) Except as provided in 1-11-301, the department has exclusive power, subject to the approval of the governor, to contract for all printing for any purpose used by the state in any state office (elective or appointive), agency, or institution.

(3) (a) Except as provided in subsection (3)(b), the department shall contract under the provisions of this title for all printing of public documents as defined in 18-7-302.

(b) Duplicating of public documents may be performed either by contract or by in-house capabilities, as determined by the department.

(4) The department shall supervise and attend to all public printing of the state as provided in this chapter and shall prevent duplication and unnecessary printing.

(5) All forms, blanks, and documents printed for distribution to the state agencies and institutions shall must be serially numbered and indexed by the department and

sample copies of each permanently retained, and--the The department shall from time to time furnish to the public general information as to the nature, description, and official numbers of such the reports as--are available for public distribution.

(6) Unless otherwise provided by law, the department, in letting contracts as provided in this chapter, for the printing, binding, and publishing of all laws, journals, and reports of the state agencies and institutions may determine the quantity, quality, style, and grade of all such printing, binding, and publishing."

**Section 3.** Section 18-7-302, MCA, is amended to read:

**"18-7-302. Definitions.** As used in this part, the following definitions apply:

**(1) The term "public Public document" includes--any means a publication of a state agency meant for dissemination to the public, but does not include educational--materials-published-by-a-unit-of-the-university system-or-the-superintendent-of-public-instruction,--reports of--the--legislative--auditor,--travel--promotion-materials, standard-forms, bid-specifications, opinions-of-the-attorney general, opinions-of-the-supreme-court,--session--laws,--the administrative--rules--of--Montana,--Montana-code-annotated, regular-periodical-publications-sold-to-the--general--public solely--through--subscription--and--newsstand--sale,--or--a**

publication-specifically-exempted-by-the-publishing-policy  
committee-when-inclusion-of-that-publication-under-this-part  
is-not-considered-in-the-best-interests-of-the-state printed  
materials primarily distributed to agencies or agency  
employees or documents prepared for and used in the  
competitive bidding process. The department may define by  
rule which documents are public documents.

(2) ~~The term "agency" as used herein includes each~~  
"Agency" means a state office, department, board,  
commission, council, committee, unit of the university  
system, or other entity or instrumentality of the executive  
branch, office of the legislative branch, or office of the  
judicial branch of state government.

(3) ~~The term "department" as used herein~~ "Department"  
means the department of administration provided for in Title  
2, chapter 15, part 10.

(4) ~~The term "committee"~~ "Committee" means the  
publishing policy committee created in 2-15-1017."

**Section 4.** Section 18-7-307, MCA, is amended to read:

"18-7-307. Estimation of costs. The following factors  
~~shall must~~ be utilized used in estimating cost data:

(1) printing, including all expenditures for  
production, ~~whether on-bid or in-house~~; and

(2) circulation, including all expenditures for  
postage and for salaries of agency or department personnel

involved in distribution of the public document."

NEW SECTION. **Section 5. Repealer.** Section 18-7-305,  
MCA, is repealed.

NEW SECTION. **Section 6. Extension of authority.** Any  
existing authority to make rules on the subject of the  
provisions of [this act] is extended to the provisions of  
[this act].

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB354, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act requiring the Department of Administration to contract for the printing of public documents; providing and revising definitions regarding printing; amending Sections 18-4-221, 18-7-101, 18-7-302, and 18-7-307, MCA; and repealing Section 18-7-305, MCA.

ASSUMPTIONS:

Department of Administration

1. Will require an estimated 2,500 jobs currently produced internally at Publications and Graphics to be procured from the private sector.
2. Estimates do not include any additional workload from other state agency centers.
3. Additional staff will be required to handle additional procurement activity.
4. Additional equipment will be required for purchasing staff.
5. Jobs procured commercially will cost 20% more than if produced internally, with additional expenses for procurement and administration.

Department of Institutions

1. Eliminates print shop operation at Montana State Prison.
2. Eliminate 3-6 inmate jobs.
3. Agencies will be required to go through Publications and Graphics. This will be more costly and time consuming.

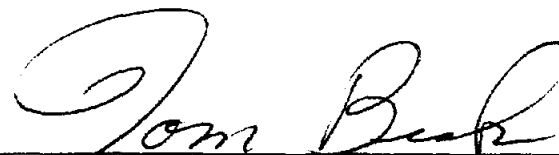
Department of Fish, Wildlife and Parks

1. The departments' duplicating center would no longer print the following items: NCR forms; cardstock; 2 color printing; season tentatives; posters; pamphlets; news releases; and commission agendas. These print jobs represent approximately 34% of the business at duplicating center.
2. Approximately 25% of the duplicating center costs are variable and 75% fixed.
3. The duplicating center operates on a cost reimbursement basis. Annual revenue and expenses are approximately \$106,000 per year.
4. The resulting decrease in printing jobs done internally will result in increased costs for duplicating the agency continues to do. It is assumed that even with increased duplicating costs, the agency will remain competitive with the private sector.
5. Contracting will require more administrative time and expense, and will delay the turnaround time on printing requests. Any expense related to this will be absorbed by current budgets.



DATE 2/14/89

RAY SHACKLEFORD, BUDGET DIRECTOR  
OFFICE OF BUDGET AND PROGRAM PLANNING



DATE 2/14/89

TOM BECK, PRIMARY SPONSOR

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Commissioner of Higher Education

1. The bill requires printing, duplicating, and pre-press work to be bid out to commercial printers, both in-state and out-of-state. At a minimum, jobs will cost 3% to 15% higher because of the overhead charges applied by Publications and Graphics.
2. Additional costs will be incurred due to significant additional lead time required to prepare a job for bidding and interacting with out side printers.

Office of Public Instruction

1. The cost of printing will remain constant for the next biennium.
2. The cost of preparing photo-ready copy will no longer be done resulting in additional costs of 15%-20%.

Department of Labor and Industry

1. Assume 23% increase in costs for contracting the printing of public documents based on previous studies conducted on this issue.
2. Assume public documents are any documents provided to the public including but not limited to forms for gathering of information pertaining to employment, training, and workers' compensation programs, statistical publications, legal documents, reports, and meeting minutes.
3. Assume 58.64% of printing workload would be contracted.
4. Assume certain costs both personal services and operating will remain fixed and not be reduced by the loss of 58.64% workload for the following reasons: a) duplicating of agency documents will continue to be done in-house; b) need for supervision of duplicating operations; c) need for coordination of printing contracts with DOA Publications and Graphics and Purchasing; d) increase in accounting workload and costs due to contract payment and monitoring; e) increase in storage requirements due to the need to order printed material in quantity.
5. Assume DOA will pay for the development of administrative rules pertaining to the proposed legislation.

Legislative Council

1. Documents, including bills, daily status, journal and other proceeding documents, currently produced for the Legislature for use by the Legislature and the public during legislative sessions would be subjected to the competitive bidding process.
2. Text now prepared by the Montana Legislative Council on the state's mainframe as the final, camera-ready copy of the The Laws of Montana, The Montana Code Annotated, The Annotations to the Montana Code Annotated, the Journal of the Senate, and the Journal of the House of Representatives, would have to be re-coded and typeset by the contracted printer or other contractor.
3. The production time of all documents described in items 1 and 2 above would be extended beyond current production time. The statutory requirement for an October 1 publication deadline for the Montana Code Annotated could not be met, after the effective date of the act, with current resources.
4. The cost for producing the camera-ready copy of the Montana Code Annotated would increase from the current, approximate \$1.50 per page cost to at least the former cost of approximately \$6.50 per page. Camera-ready copy production for other typeset publications requiring large-scale equipment would see similar cost increases.

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FISCAL IMPACT:

		<u>FY90</u>			<u>FY91</u>		
<u>Department of Administration</u>		Proposed		Current	Proposed		
<u>Publications and Graphics</u>		Law	Difference	Law	Law	Difference	
Revenues:	\$4,503,824	\$4,764,782	\$ 260,958	\$4,864,943	\$5,095,901	\$ 230,958	
Expenditures:							
Personal Services	\$ 617,285	\$ 711,177	\$ 93,892	\$ 691,817	\$ 785,709	\$ 93,892	
Operating Expenses	3,663,067	3,800,133	137,066	3,952,053	4,089,119	137,066	
Capital Outlay	223,472	253,472	30,000	221,073	221,073	-0-	
TOTAL	\$4,503,824	\$4,764,782	\$ 260,958	\$4,864,943	\$5,095,901	\$ 230,958	
<u>Department of Institutions</u>							
Revenues:	\$ 85,000	\$ -0-	(\$ 85,000)	\$ 85,000	\$ -0-	(\$ 85,000)	
Expenditures:							
Operating Expenses	\$ 51,817	\$ -0-	(\$ 51,817)	\$ 62,872	\$ -0-	(\$ 62,872)	
<u>Department of Fish, Wildlife and Parks</u>							
Revenues:	\$ 106,000	\$ 133,000	\$ 27,030	\$ 106,000	\$ 133,030	\$ 27,030	
Expenditures:							
Personal Services	\$ 55,000	\$ 55,000	\$ -0-	\$ 55,000	\$ 55,000	\$ -0-	
Operating Equipment	51,000	78,030	27,030	51,000	78,030	27,030	
TOTAL	\$ 106,000	\$ 133,030	\$ 27,030	\$ 106,000	\$ 133,030	\$ 27,030	
<u>Commissioner of Higher Education</u>							
Expenditures:							
Operating Expenses	\$ -0-	\$ 137,000	\$ 137,000	\$ -0-	\$ 137,000	\$ 137,000	
Funding: Current Unrestricted Fund							
<u>Office of Public Instruction</u>							
Expenditures:							
Operating Expenses	\$ 99,500	\$ 116,913	\$ 17,413	\$ 99,500	\$ 116,913	\$ 17,413	
Funding:							
General Fund	\$ 44,775	\$ 52,611	\$ 7,836	\$ 43,780	\$ 51,442	\$ 7,662	
State Special	8,955	10,522	1,567	9,950	11,691	1,741	
Federal and Other Special	45,770	53,780	8,010	45,770	53,780	8,010	
TOTAL	\$ 99,500	\$ 116,913	\$ 17,413	\$ 99,500	\$ 116,913	\$ 17,413	
<u>Department of Labor and Industry</u>							
Revenues:	\$ 124,332	\$ 171,712	\$ 47,380	\$ 124,332	\$ 171,712	\$ 47,380	
Expenditures:							
Personal Services	\$ 59,556	\$ 42,574	(\$ 16,982)	\$ 59,556	\$ 42,574	(\$ 16,982)	
Operating Expenses	64,776	129,138	64,362	64,776	129,138	64,362	
TOTAL	\$ 124,332	\$ 171,712	\$ 47,380	\$ 124,332	\$ 171,712	\$ 47,380	

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<u>Legislative Council</u>	Unable to estimate.
<u>Department of Justice</u>	Little or no fiscal impact.
<u>Department of Social and Rehabilitative Services</u>	None
<u>Department of Highways</u>	None
<u>Judiciary</u>	None
<u>Department of Commerce</u>	None

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

It is likely that the functioning of the Legislature would be hampered to some extent if the printing of bills, statuses, agendas, and other documents were subjected to outside printing rather than having the printing done in the basement of the Capitol. If the competitive bidding process resulted in a private contractor locating in the Capitol it is likely that the cost of printing legislative documents would be increased.

TECHNICAL OR MECHANICAL DEFECTS OR CONFLICTS WITH EXISTING LEGISLATION:

By deleting "Travel Promotion materials" from Section 3, 18-7-302 in the proposed bill. All future Travel promotion publications and the highway map will be defined as public documents under 18-7-306 which will require printing on the exterior cover"...copies of this public document were published at an estimated cost of \$...per copy, which includes \$...for printing and \$...for distribution." This is poor tourism marketing and will be detrimental to the state's image as we mail 400,000 copies annually out-of-state.

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