

SESSION OF 2002

**CONFERENCE COMMITTEE REPORT  
SENATE BILL NO. 481**

As Agreed to May 8, 2002

**Brief \***

SB 481 eliminates the current statutory requirement that the Legislative Division of Post Audit conduct an annual performance audit of the pilot project on the reverse auctioning electric procurement process. The bill also reduces the requirement that the Director of Purchases submit a report to the Senate Commerce Committee and the House e-Government Committee on the activities of the reverse auctioning process by January 15, 2002, and every six months thereafter. In place of the current requirement, SB 481 requires a report on January 15, 2003, and a report on January 15, 2004. The bill extends the reporting requirement of the pilot project on electronic procurement by one year, from June 30, 2003 to June 30, 2004. SB 481 also amends KSA 72-6760 by adding a new section that would allow school districts to accept bids involving expenditures less than \$10,000 for services, materials, or goods by utilizing reverse auctioning or online bidding. The bill requires that such bidding apply only to amounts under \$10,000 and not to expenditures for construction, reconstruction, or remodeling, or for real property. The bill defines reverse auctioning and online bidding.

The bill allows Kansas school districts to utilize on-line bidding or reverse auctioning under certain circumstances. The State Board of Education would be required to develop guidelines and procedures for school districts wishing to use these procurement processes. School districts would be required to conduct a public hearing to determine whether the district administration could use on-line bidding or reverse auctioning for purchasing services, materials, goods, or wares. Under the bill, services could be procured through on-line bidding but not through the reverse auctioning process. Those school districts using on-line bidding and reverse auctioning would be required to submit a report to the State Department of Education on or before January 15,

---

\*Conference committee summary reports are prepared by the Legislative Research Department and do not express legislative intent. No summary is prepared when the report is an agreement to disagree.

2003, and on or before January 15, 2004, including the following information:

- A comparison of the final pricing offered.
- The percentage in the increase or decrease of the number of bidders participating in the bidding.
- The number of bidders outside the State of Kansas.
- The number of bid protests and any other information deemed appropriate by the State Board of Education.

The bill would require that all state agencies that provide the option of using an electronic signature to persons doing business with the agency must adopt written standards governing such use. This must be done by December 31, 2002 for electronic signature applications that are in use by the state agency July 1, 2002. It would be required before providing the option of using an electronic signature for any applications implemented on or after July 1, 2002.

The bill would also require that the Secretary of State adopt rules and regulations governing the use of digital signatures by state agencies. Each state agency providing the option of using a digital signature to persons doing business with that agency would be required to meet or exceed the minimum standards established by the rules and regulations of the Secretary of State.

The bill's provisions sunset on June 30, 2004.

## **Background**

Legislation was passed in 2001, which among other things, required the State Director of Purchases to conduct a pilot study of reverse auctioning, which is a procurement process involving on-line electronic real-time bidding. That legislation required that the Legislative Division of Post Audit conduct an annual performance audit of the pilot project on the reverse auctioning electric procurement process and also required that the Director of Purchases submit a report to the Legislative Coordinating Council, the Secretary of the Senate, and the Chief Clerk of the House on the activities of the reverse auctioning process by January 15, 2002, and every six months thereafter. The Senate Committee held a hearing on SB 481 at which time a representative of the Director of Purchases answered questions about the bill.

The Senate Committee of the Whole amended the bill by adding a provision requiring the Director of Purchases to publish the report discussed above on the Internet, and to submit it to the Senate Commerce Committee and the House e-Government Committee.

The House Committee on e-Government amended the bill by:

- Requiring the Director of Purchases to publish the report on January 15, 2003, and on January 15, 2004;
- Requiring that the bill's provisions expire on June 30, 2004; and
- Adding two additional sections to the original bill that would allow school districts to accept bids through reverse auctioning or online bidding when purchasing services, materials, or goods.

The House Committee of the Whole amended the bill by adding provisions directing the State Board of Education to select three school districts to participate in a reverse auctioning and on-line bidding project, and deleting references to a pilot project.

The Conference Committee amended the bill to:

- Allow for all school districts to participate in the on-line bidding and reverse auctioning procurement processes so long as they meet certain requirements.
- Require the school districts using on-line bidding and reverse auctioning to submit a report to the State Board of Education instead of the Legislature on or before January 15, 2003 and on or before January 15, 2004.
- Modify the requirements for the use of electronic and digital signatures by state agencies.

The Division of the Budget reports that there would be no fiscal effect from the passage of SB 481.