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4

As Engrossed: S2/20/19

A Bill

HOUSE BILL 1161

5 By: Representatives Dotson, Wardlaw
6 By: Senator Flippo
7

For An Act To Be Entitled

9 AN ACT TO AMEND THE ARKANSAS PROCUREMENT LAW AND THE
10 LAWS CONCERNING PROFESSIONAL AND CONSULTANT SERVICES
11 CONTRACTS; TO AMEND THE LAWS CONCERNING STATE AGENCY
12 PROCUREMENTS; TO AMEND THE DEFINITIONS UNDER THE
13 ARKANSAS PROCUREMENT LAW; TO AMEND THE REVIEW AND
14 REPORTING REQUIREMENTS FOR SERVICE CONTRACTS PROCURED
15 BY THE STATE; TO AMEND THE LAW CONCERNING VEHICLE
16 LEASES BY STATE AGENCIES; TO AMEND AND PROVIDE FOR
17 THE TRACKING AND REPORTING OF CONTRACTS PROCURED BY
18 STATE AGENCIES; TO REPEAL AS OBSOLETE THE REPORTING
19 REQUIREMENT FOR RECYCLED PAPER PRODUCTS; AND FOR
20 OTHER PURPOSES.
21
22

Subtitle

23 TO AMEND THE REVIEW AND REPORTING
24 REQUIREMENTS FOR SERVICE CONTRACTS; TO
25 AMEND THE LAW CONCERNING VEHICLE LEASES
26 BY STATE AGENCIES; AND TO PROVIDE FOR THE
27 TRACKING AND REPORTING OF CONTRACTS
28 PROCURED BY STATE AGENCIES.
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32 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
33

34 SECTION 1. Arkansas Code § 19-11-203(4), concerning the definitions to
35 be used under the Arkansas Procurement Law, is amended to read as follows:

36 (4)(A) "Commodities" means all personal property, including, ~~but~~



1 ~~not limited to, equipment, printing, stationery, supplies, and insurance, but~~
 2 ~~excluding leases without limitation:~~

3 (i) Goods, as defined in § 4-2-105;

4 (ii) Leases, as defined in § 4-2A-103; and

5 (iii) Insurance.

6 (B) "Commodities" does not include:

7 (i) A lease on real property, ~~real property,~~ or a
 8 permanent interest in real property, ~~exempt;~~

9 (ii) ~~Exempt~~ commodities and services, ~~and capital;~~
 10 and

11 (iii) ~~Capital~~ improvements;

12
 13 SECTION 2. Arkansas Code § 19-11-203(14)(AA), concerning the
 14 definition of "exempt commodities and services" under the Arkansas
 15 Procurement Law, is amended to read as follows:

16 (AA) The following commodities and services relating to
 17 proprietary software after the initial procurement:

18 (i) Technical support incidental to supporting the
 19 continuous operation of proprietary software;

20 (ii) Renewals;

21 (iii) Additional copies; and

22 (iv) License upgrades;

23
 24 SECTION 3. Arkansas Code § 19-11-203(27), concerning the definitions
 25 to be used under the Arkansas Procurement Law, is amended to read as follows:

26 (27)(A) "Services" means the furnishing of labor, time, or
 27 effort by a contractor, ~~not involving the delivery of a specific end product~~
 28 ~~other than reports which are merely incidental to the required performance~~
 29 that does not produce tangible commodities.

30 (B) "Services" includes without limitation:

31 (i) Consulting services;

32 (ii) Personal services;

33 (iii) Professional services;

34 (iv) Technical and general services; and

35 (v) The furnishing of labor, time, or effort by a
 36 contractor for the generation, customization, configuration, or development

1 of software and other intangible property other than technical support
2 incidental to the procurement of proprietary software.

3 (C) "Services" shall does not include employment
4 agreements, collective bargaining agreements, exempt commodities and
5 services, or architectural or engineering contracts requiring approval of the
6 Building Authority Division of the Department of Finance and Administration
7 or higher education;

8
9 SECTION 4. Arkansas Code § 19-11-217(c), concerning the powers and
10 duties of the State Procurement Director, is amended to add an additional
11 subdivision to read as follows:

12 (9) Shall create a roster of expiring contracts entered into by
13 a state agency for which there is no new requisition.

14
15 SECTION 5. Arkansas Code § 19-11-249, concerning cooperative
16 purchasing, is amended to add an additional subsection to read as follows:

17 (c) A contractor shall cooperate with the director in providing
18 information necessary for the director to complete the report required under
19 subsection (b) of this section.

20
21 SECTION 6. Arkansas Code § 19-11-260 is repealed.

22 ~~19-11-260. Recycled paper products — Preference.~~

23 ~~(a) The State Procurement Director shall issue a recycled paper~~
24 ~~content specification for each type of paper product.~~

25 ~~(b)(1) The goal of state agencies for the percentage of paper products~~
26 ~~to be purchased that utilize recycled paper shall be:~~

27 ~~(A) Ten percent (10%) in fiscal year 1991;~~

28 ~~(B) Twenty five percent (25%) in fiscal year 1992;~~

29 ~~(C) Forty five percent (45%) in fiscal year 1993; and~~

30 ~~(D) Sixty percent (60%) by calendar year 2000.~~

31 ~~(2)(A) The Office of State Procurement shall prepare a~~
32 ~~semiannual report of the state's progress in meeting the goals for the~~
33 ~~purchase of paper products with recycled content.~~

34 ~~(B) The report shall be made to the Governor.~~

35 ~~(c)(1) Whenever a bid is required, a preference for recycled paper~~
36 ~~products shall be exercised if the use of the products is technically~~

1 ~~feasible and price is competitive.~~

2 ~~(2)(A) For the purpose of procurement of recycled paper~~
3 ~~products, "competitive" means the bid price does not exceed the lowest~~
4 ~~qualified bid of a vendor offering paper products manufactured or produced~~
5 ~~from virgin material by ten percent (10%).~~

6 ~~(B) An additional one percent (1%) preference shall be~~
7 ~~allowed for products containing the largest amount of postconsumer materials~~
8 ~~recovered within the State of Arkansas.~~

9 ~~(3) A bidder receiving a preference under this section shall not~~
10 ~~be entitled to an additional preference under § 19-11-259.~~

11
12 SECTION 7. Arkansas Code § 19-11-265 is amended to read as follows:

13 19-11-265. Submission of contracts required.

14 (a)(1) A Except for critical emergency procurements and as otherwise
15 provided in this section, a contract requiring the service services of one
16 (1) or more individuals for regular full-time or part-time weekly work
17 persons shall be presented to the Legislative Council or, if the General
18 Assembly is in session, to the Joint Budget Committee, before the execution
19 of the contract if the annual contract amount is at least fifty thousand
20 dollars (\$50,000) in any one (1) contract year or if the total initial
21 contract amount or the projected contract amount, including any amendments or
22 possible extensions, is at least one hundred thousand dollars (\$100,000)
23 three hundred fifty thousand dollars (\$350,000).

24 (2) The Legislative Council or the Joint Budget Committee shall
25 provide the State Procurement Director with its review as to the propriety of
26 the contract within thirty (30) days after receipt of the proposed contract.

27 (3) The contract shall not be submitted to the Legislative
28 Council or to the Joint Budget Committee until the Office of State
29 Procurement has reviewed the contract and provided the Legislative Council or
30 the Joint Budget Committee with a recommendation regarding the legality of
31 the contract.

32 (4)(A)(i) A contract that does not have a material change upon
33 renewal or extension shall be included in the monthly report required under §
34 19-11-273 instead of being submitted to the Legislative Council or the Joint
35 Budget Committee for review under this subsection.

36 (ii) As used in this subdivision (a)(4), "material

1 change" includes without limitation:

2 (a) An increase in the contract amount;

3 (b) An increase in the total projected
4 contract amount;

5 (c) A change in any of the essential terms of
6 the contract;

7 (d) A change in any performance-based
8 standards stated in the contract;

9 (e) The imposition of financial consequences
10 as the result of a failure to satisfy performance-based standards under § 19-
11 11-267 during the year preceding the renewal or extension of the contract;
12 and

13 (f) The submission of a vendor performance
14 report during the year preceding the renewal or extension of the contract.

15 (B) However, a state agency may elect to submit a contract
16 for review under this subsection if the state agency is uncertain whether the
17 contract has a material change.

18 (5) A contract that is submitted for review under this
19 subsection and that has a total projected contract amount of at least three
20 hundred fifty thousand dollars (\$350,000) shall have a cover sheet that
21 provides the following information:

22 (A) A description of the services being procured;

23 (B) A description of the procurement process followed,
24 including without limitation the method used for the procurement; and

25 (C) The outcome of any protests.

26 (b) The Legislative Council or the Joint Budget Committee may review
27 or exempt from review any contract or group of contracts contemplated by this
28 section.

29 ~~(c)(1) In addition to the contracts presented to the Legislative~~
30 ~~Council or to the Joint Budget Committee under subsection (a) of this~~
31 ~~section, the director shall compile a monthly report of all executed~~
32 ~~contracts requiring the service of one (1) or more individuals for regular~~
33 ~~full-time or part-time weekly work if the total initial contract amount or~~
34 ~~the total projected contract amount, including any amendments or possible~~
35 ~~extensions, is at least twenty five thousand dollars (\$25,000) and less than~~
36 ~~one hundred thousand dollars (\$100,000).~~

1 ~~(2) The monthly report required under this subsection shall~~
2 ~~include without limitation:~~

3 ~~(A) The name of the contractor;~~

4 ~~(B) The state agency name;~~

5 ~~(C) The contact information for the contractor or state~~
6 ~~agency;~~

7 ~~(D) The total initial cost of the contract, the cost of~~
8 ~~any commodities included in the contract, and the cost of the services;~~

9 ~~(E) The type of commodities and services contracted;~~

10 ~~(F) The quantity of commodities and services contracted;~~

11 ~~(G) The procurement method;~~

12 ~~(H) The total projected contract amount that includes any~~
13 ~~amendments and all available extensions; and~~

14 ~~(I) Any other information requested by the Legislative~~
15 ~~Council or the Joint Budget Committee.~~

16 ~~(3) The director shall remit the report required under this~~
17 ~~subsection each month to the Legislative Council or to the Joint Budget~~
18 ~~Committee as directed by the Legislative Council.~~

19 ~~(d)~~ (c) A contract that is procured by a state agency ~~with~~ that has a
20 state agency procurement official or procurement authority under a delegation
21 order is subject to the ~~reporting and~~ presentment requirements under this
22 section.

23 ~~(e)~~ (d) It is a violation of state procurement laws, Arkansas Code
24 Title 19, Chapter 11, for a state agency official to procure services in an
25 incremental or split purchase arrangement to avoid the ~~reporting or~~
26 presentment requirements of this section.

27
28 SECTION 8. Arkansas Code Title 19, Chapter 11, Subchapter 2, is
29 amended to add additional sections to read as follows:

30 19-11-273. Reporting requirements.

31 (a) The State Procurement Director shall compile a monthly report of
32 all executed contracts for services that have a total initial contract amount
33 or a total projected contract amount, including any amendments or possible
34 extensions, of at least twenty-five thousand dollars (\$25,000) but less than
35 an annual contract amount of fifty thousand dollars (\$50,000) in any one (1)
36 contract year or a total projected contract amount, including any amendments

1 or possible extensions, of three hundred fifty thousand dollars (\$350,000).

2 (b) A contract that is procured by a state agency that has a state
3 agency procurement official or procurement authority under a delegation order
4 is subject to the reporting requirements under this section.

5 (c) The State Procurement Director shall adopt rules to:

6 (1) Prescribe a cover sheet for the report required under this
7 section that sorts and identifies contracts within the report that may be
8 candidates for review;

9 (2) Create instructions for completing the cover sheet
10 prescribed under subdivision (c)(1) of this section; and

11 (3) Provide for the identification of any contracts included in
12 the report that may need to be reviewed under § 19-11-265.

13 (d) It is a violation of state procurement laws, Arkansas Code Title
14 19, Chapter 11, for a state agency official to procure services in an
15 incremental or split purchase arrangement to avoid the reporting requirements
16 of this section.

17
18 19-11-274. Tracking requirements.

19 (a) The State Procurement Director, each agency procurement official,
20 and any state agency with procurement authority under a delegation order
21 shall track the following for the procurements they conduct and the contracts
22 they execute:

23 (1) Each protest received and the resolution of the protest;

24 (2) The outcome of any negotiations under this chapter; and

25 (3) The anticipated procurement needs of the state agency based
26 on the contracts that:

27 (A) Are set to expire during the next twelve (12) months;
28 and

29 (B) Will require a new solicitation in the next twelve
30 (12) months.

31 (b) Each agency procurement official and each state agency with
32 procurement authority under a delegation order shall report the information
33 obtained under subsection (a) of this section to the Office of State
34 Procurement.

35
36 SECTION 9. Arkansas Code § 19-11-1006 is repealed as duplicative.

1 ~~19-11-1006.—Submission of contracts required.~~

2 ~~(a)(1)—A professional services contract or consultant services~~
3 ~~contract shall be presented to the Legislative Council or, if the General~~
4 ~~Assembly is in session, to the Joint Budget Committee, before the execution~~
5 ~~of the professional services contract or consultant services contract if the~~
6 ~~total initial amount or the total projected amount, including any amendments~~
7 ~~or possible extensions, of the professional services contract or consultant~~
8 ~~services contract is at least fifty thousand dollars (\$50,000).~~

9 ~~(2)—The Legislative Council or the Joint Budget Committee shall~~
10 ~~provide the State Procurement Director with its review as to the propriety of~~
11 ~~the professional services contract or consultant services contract within~~
12 ~~thirty (30) days after receipt of the proposed professional services contract~~
13 ~~or consultant services contract.~~

14 ~~(3)—The professional services contract or consultant services~~
15 ~~contract shall not be submitted to the Legislative Council or to the Joint~~
16 ~~Budget Committee until the Department of Finance and Administration has~~
17 ~~reviewed the professional services contract or consultant services contract~~
18 ~~and provided the Legislative Council or the Joint Budget Committee with a~~
19 ~~recommendation regarding the legality of the professional services contract~~
20 ~~or consultant services contract.~~

21 ~~(b)—The Legislative Council or the Joint Budget Committee may review~~
22 ~~or exempt from review any professional services contract or consultant~~
23 ~~services contract or group of professional services contracts or consultant~~
24 ~~services contracts contemplated by this subchapter.~~

25 ~~(c)(1)—Funds from grants and contracts to a state institution of~~
26 ~~higher education may be used for the purpose of subcontracting with~~
27 ~~institutions under the performance conditions of the grants or contracts.~~

28 ~~(2)—Subcontracts for research that are derived from grants and~~
29 ~~contracts to a state institution of higher education require the prior~~
30 ~~approval of the director and a review by the Legislative Council or by the~~
31 ~~Joint Budget Committee.~~

32 ~~(d)(1)—In addition to the professional services contracts and~~
33 ~~consultant services contracts presented to the Legislative Council or to the~~
34 ~~Joint Budget Committee under subsection (a) of this section, the director~~
35 ~~shall compile a monthly report of all executed professional services~~
36 ~~contracts and consultant services contracts if the total initial amount or~~

1 ~~the total projected amount, including any amendments or possible extensions,~~
 2 ~~of the professional services contract or consultant services contract is at~~
 3 ~~least ten thousand dollars (\$10,000) and less than fifty thousand dollars~~
 4 ~~(\$50,000).~~

5 ~~(2) The monthly report required under this subsection shall~~
 6 ~~include without limitation:~~

7 ~~(A) The name of the contractor;~~

8 ~~(B) The state agency name;~~

9 ~~(C) The contact information for the contractor or state~~
 10 ~~agency;~~

11 ~~(D) The total initial cost of the professional services~~
 12 ~~contract or consultant services contract;~~

13 ~~(E) The type of services contracted;~~

14 ~~(F) The quantity of services contracted;~~

15 ~~(G) The procurement method;~~

16 ~~(H) The total projected amount of the professional~~
 17 ~~services contract or consultant services contract that includes any~~
 18 ~~amendments and all available extensions; and~~

19 ~~(I) Any other information requested by the Legislative~~
 20 ~~Council or the Joint Budget Committee.~~

21 ~~(3) The director shall remit the report each month to the~~
 22 ~~Legislative Council or to the Joint Budget Committee as directed by the~~
 23 ~~Legislative Council.~~

24 ~~(e) A contract that is procured by a state agency with a state agency~~
 25 ~~procurement official is subject to the reporting and presentment requirements~~
 26 ~~under this section.~~

27 ~~(f) It is a violation of state procurement laws, Arkansas Code Title~~
 28 ~~19, Chapter 11, for a state agency official to procure services in an~~
 29 ~~incremental or split purchase arrangement to avoid the reporting or~~
 30 ~~presentment requirements of this section.~~

31
 32 SECTION 10. Arkansas Code § 22-8-102 is amended to read as follows:

33 22-8-102. Leasing and renting of vehicles by state agencies -
 34 Definitions.

35 (a) ~~For purposes of~~ As used in this section:

36 (1) "Lease" means obtaining the use of a motor vehicle from any

1 source for a monetary fee, for a period of thirty-one (31) days or more; ~~and~~

2 (2) "Rental" means obtaining the use of a motor vehicle from any
3 source for a monetary fee for a period of thirty (30) days or less; and

4 (3) "State agency" means the same as defined in § 19-11-203.

5 (b)(1) Before any state agency ~~shall lease~~ leases any motor vehicle or
6 ~~renew~~ renews any existing lease for a motor vehicle, the state agency shall
7 submit a written request to the State Procurement Director identifying the
8 motor vehicles sought to be leased by the state agency and all facts and
9 circumstances the director may request to enable him or her to determine the
10 economics, need, and feasibility of leasing the motor vehicle.

11 (2) Upon receipt, the director shall review the request to lease
12 the motor vehicle, and if he or she determines that the lease is in the best
13 interest of the State of Arkansas and that the state agency has adequate
14 funds to pay the lease, he or she may approve the request but only if ~~he or~~
15 ~~she has first received the approval of~~ the proposed lease has been reviewed
16 by the Legislative Council or, if the General Assembly is in session, the
17 Joint Budget Committee.

18 (3) ~~After receiving the approval of~~ If, after the Legislative
19 Council or the Joint Budget Committee has reviewed the proposed lease of the
20 motor vehicle, the director approves the proposed lease of the motor vehicle,
21 the director shall stamp his or her approval on the request and return it to
22 the state agency, which may ~~then~~ proceed to enter into the lease as proposed
23 and approved by the director.

24 ~~(4) In emergency situations, the director may approve a~~
25 ~~temporary lease of a motor vehicle, not to exceed thirty (30) days, but only~~
26 ~~if he or she has sought the advice of the cochairs of the Legislative Council~~
27 ~~and scheduled the temporary lease of a motor vehicle for consideration at the~~
28 ~~next meeting of the Legislative Council.~~

29 (c) If the director disapproves a proposed lease of a motor vehicle,
30 he or she shall stamp his or her disapproval on the request and return it to
31 the state agency, and it shall be unlawful for the state agency to proceed to
32 lease the motor vehicle.

33 (d) If federal assistance requirements or federal contract
34 requirements conflict with this section, this section shall not prevent a
35 state agency from complying with the terms and conditions of the federal
36 assistance requirements or the federal contract requirements.

