

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6856

BILL NUMBER: HB 1589

NOTE PREPARED: Mar 25, 2013

BILL AMENDED: Mar 25, 2013

SUBJECT: Ports of Indiana Procurement and Public Works.

FIRST AUTHOR: Rep. Ober

FIRST SPONSOR: Sen. Head

BILL STATUS: 2nd Reading - 2nd House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: (Amended)The bill makes the following provisions:

- (1) Increases the threshold at which the Ports of Indiana (Ports) is required to publicly bid construction projects or purchases of equipment, materials, and supplies from \$25,000 to \$150,000.
- (2) Provides the grounds by which an emergency may be declared by the governing body for the Ports.
- (3) Requires the reason for the declaration of emergency as well as the names of all entities invited to bid on emergency contracts to be recorded in the governing body's minutes.
- (4) Provides that if an emergency is declared, the Ports may: (1) contract for a construction project or the purchase of equipment, materials, or supplies, without advertising for bids, if bids or quotes are invited from at least three persons; (2) reject all bids or quotes submitted; and (3) contract with the lowest and best bidder or quoter for the construction project or purchase.
- (5) Prohibits the Ports, in the absence of a declared emergency, from making separate contracts for a construction project or purchase of equipment, if the aggregate of the contracts is more than \$150,000 (under current law the Ports are prohibited from making separate contracts that total more than \$25,000).
- (6) Provides that a contract for construction or a contract for the purchase of materials or supplies, may proceed immediately after the Ports approves the contract.
- (7) Limits the total amount of contracts that may be awarded for a single emergency to \$1,000,000, unless an executive order is issued by the Governor authorizing a higher limit.

Effective Date: May 15, 2013.

Explanation of State Expenditures: The bill would potentially result in cost savings for the Ports by allowing the Ports greater flexibility in the bidding and awarding process in relation to construction projects and/or

purchases of equipment.

(Revised) *Background:* The Ports is a quasi-governmental agency that operates three ports - one on Lake Michigan and two on the Ohio River. The Ports operates under the direction of a seven-member board appointed by the Governor. The Ports generates its own operating budget from port leases, dock fees, and foreign-trade-zone licensing.

Under the bill, the Ports may declare an emergency in the case of fire, flood, windstorm, casualty, mechanical failure, or if the health, safety, or welfare of the public or necessary governmental operations are endangered by loss or damage. If an emergency is declared, the Ports must list all of the entities invited to bid in the minutes of the next board meeting. The total amount of contracts awarded in the event of a declared emergency is \$1 M, unless the Governor issues an executive order allowing the Ports to exceed this limit.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Ports of Indiana.

Local Agencies Affected:

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