

# Department of Finance and Administration

## Legislative Impact Statement

**Bill: HB1130**

**Amendment Number: H1**

**Bill Subtitle: TO AMEND ARKANSAS PROCUREMENT LAW; TO REGULATE THE PROCUREMENT OF PASSENGER MOTOR VEHICLES AND TRUCKS; AND TO ALLOW A STATE AGENCY TO PURCHASE PASSENGER MOTOR VEHICLES AND TRUCKS FROM A SOURCE OUTSIDE OF A STATE CONTRACT.**

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### **Basic Change :**

Rep. Lampkin,

The bill removes the purchase of vehicles from the exclusive jurisdiction of State Procurement. The amendment will enable colleges and universities, as opposed to all state agencies as in the original bill, to purchase vehicles from a local dealer if they can demonstrate to the State Procurement Director that they can buy it at the same price.

### **Revenue Impact :**

None

### **Other Comments :**

The amendment restricts its original purpose to only colleges and universities. Nevertheless, the Office of State Procurement still opposes this bill, as amended, for our original reasons, to wit:

1. Manufacturers view the State of Arkansas as one large group buyer. If this bill is passed, they will view the State as a group of smaller, individual buyers. Consequently, the manufacturer concessions will not be as great and the State will end up paying more per vehicle.
2. Currently, manufacturers give the greatest monetary concession to the State's awarded dealer, concessions that would not be offered to any other dealer in the State.
3. It will decrease competition by slowly eroding the volume sold by the contract dealer to the point where dealers will most likely not find it advantageous to bid on a statewide contract.
4. The Statewide contract will establish a 'benchmark' to allow local dealers to cherry-pick the most advantageous vehicles to sell.
5. Vehicle specifications are very detailed when bidding a contract. It's very unlike the process of an individual consumer.
6. Dealers might be encouraged to match the price, but not offer the same quality vehicle as those offered under the contract.
7. Hard for a college or university not experienced with vehicle purchases to compare "apples to apples" to ensure they are getting the same quality vehicle as in the statewide contract.
8. This law does not change the bidding requirements, thus the number of vehicle bids will increase, resulting in extra work and administrative costs for colleges and universities and dealerships.

### **Legal Analysis :**

None