

COMMITTEE SUBSTITUTE

FOR

Senate Bill No. 565

(By Senator Snyder (By Request))

[Originating in the Committee on Government Organization;
reported March 21, 2013.]

A BILL to amend the Code of West Virginia, 1931, as amended, by adding thereto a new section, designated §5A-3-10d, relating to the Purchasing Division; authorizing director to initiate a reverse auction pilot program for purchasing supplies, materials or equipment; outlining criteria for the director to consider in determining whether use of the reverse auction pilot program is appropriate; defining “reverse auction”; permitting third-party vendors to administer reverse auctions; rule-making authority to implement the reverse auction pilot program; and the reverse auction pilot program terminates on July 1, 2017.

Be it enacted by the Legislature of West Virginia:

That the Code of West Virginia, 1931, as amended, be amended by adding thereto a new section, designated §5A-3-10d, to read as follows:

ARTICLE 3. PURCHASING DIVISION.

§5A-3-10d. Reverse auction pilot program.

1 (a) Notwithstanding any other provision of this code, the
2 director is hereby authorized to initiate a reverse auction pilot
3 program to procure supplies, materials or equipment. The
4 director may not use the pilot program for the procurement of
5 services under any circumstances.

6 (b) The reverse auction pilot program may be utilized if
7 the director determines the use of a reverse auction would be
8 fair, economical and in the best interests of the state, and the
9 supplies, materials or equipment to be procured:

10 (1) Are subject to low price volatility;

11 (2) Have specifications that are common and not
12 complex;

13 (3) Vary little between suppliers;

14 (4) Are sourced primarily on price, with limited ancillary
15 considerations;

16 (5) Require little collaboration from suppliers; and

17 (6) Are sold by a large, competitive supply base.

18 (c) For purposes of this section, “reverse auction” means
19 a process by which bidders compete to provide supplies,
20 materials or equipment in an open and interactive market,
21 including but not limited to, the Internet. Reverse auction
22 bids are opened and made public upon receipt by the director,
23 and then bidders are given the opportunity to submit revised
24 bids until the bidding process is complete. The contract is
25 awarded to the lowest responsible bidder.

26 (d) The director may contract with qualified, industry-
27 recognized third-party vendors to conduct reverse auctions
28 on behalf of the director.

29 (e) The director shall propose rules for legislative
30 approval in accordance with the provisions of article three,
31 chapter twenty-nine-a of this code, to establish the

32 procedures for conducting reverse auctions under the pilot
33 program authorized by this section. The rules shall include
34 procedures for contracting with qualified, industry-
35 recognized third-party vendors.

36 (f) The reverse auction pilot program terminates on July
37 1, 2017.