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TESTIMONY
OF
SARAH ALLEN, ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE SENATE COMMITTEE
WAYS AND MEANS
Wednesday, April 4, 2018, 10:30 A.M.

HOUSE BILL 2178 HD1 SD1
RELATING TO PROCUREMENT

Chair Dela Cruz and Vice-Chair Keith-Agaran and members of the committee, thank you for the opportunity to submit testimony on House Bill 2178 HD1 SD1.

This SD 1 version calls for raising the protest bond amount percent from a half - percent to five percent for contracts of \$1,000,000 and above, a substantial increase of 10 times of the Statutory language. Such an increase could have a detrimental effect on small businesses as possible outcome of this increase could discourage valued vendors from filing **legitimate protests** because of the financial risk involved. Smaller companies often lack liquidity.

The increase seems disproportional. For example, contracts between \$500,000 to under \$1,000,000 have a \$2,000 protest bond requirement, but once the contract amount becomes a million dollars and above, the protest bond amount becomes \$50,000.

The SPO recommends using the HB 2178 HD1 version of the bill, that is, keeping the half percent in place for the estimated value of the contract of \$1,000,000 and above and removing the protest bond cap.

Thank you.