

DATE: March 29, 2022

TO: State Government Finance and Policy and Election Committee Members

FROM: Betsy Hayes, Chief Procurement Officer

SUBJECT: SF3667 Department of Natural Resources Registration System

Due to a miscue at the committee hearing on March 29, 2022, I was not called to testify as requested, so I am providing some brief written comments on SF3667. I appreciate the opportunity to provide these remarks.

SF3667 contains a unique provision in which an unspecified preference is authorized to be given to certain vendors simply due to their status as an incumbent vendor. The state's procurement process is carefully crafted to promote open and fair competition. We strive to ensure a level playing field for all vendors who participate in our procurement opportunities. This type of preference based on contract status is unprecedented and contrary to those fundamental principles.

It is understandable, particularly for large, costly and complex IT projects that there would be a desire to steer work to a known and trusted vendor. I believe that is the spirit in which this legislation was drafted. However, incumbent vendors already have an inherent advantage and any additional preference inserted into the law is neither necessary or fair. In addition, the preference language runs the risk of invoking reciprocal preferences in other states that could disadvantage Minnesota companies attempting to bid on work outside of Minnesota.

I would be happy to work with the authors of this bill to discuss further and assist with alternative language or approaches.

Thank you.