

State of Minnesota
Department of Administration

In the matter of the Proposed
Adoption of a Rule Concerning
Bid Requirements

Statement of Need
and Reasonableness

In 1986, the Legislature revised M.S. section 16B.07, Subdivision 3 by changing the amount of an expenditure for which formal bids are required from \$5,000 to \$15,000.

The rationale for the revision includes the following:

- 1) The formal bid requirement for municipalities in M.S. 471.345 is \$15,000.
- 2) The formal bid requirement has not been changed to keep pace with inflation for 15 years.
- 3) The revision will provide increased efficiencies because informal bids take less time and are less costly to process.

Consideration of Small Businesses

We have carefully reviewed this change in accordance with MCAR 14.115 and found no significant impact on small business in Minnesota. The reduced visibility created by the increased advertised bid limit would impact equally on the other classes of business. If anything, it may have a greater impact on business outside of Minnesota making it harder for them to compete for the smaller dollar purchases which would result in an advantage to Minnesota's small business enterprises.