

House Government Operations Committee
02/12/2026

Bill: 1st substitute HB 405 - State Purchasing Reserve Funding

Sponsor: Representative Ivory

Floor Sponsor:

UASD Position: Track

This Bill modifies provisions related to state purchasing.

Discussion: Representative Ivory presented the Bill and explained that it modifies the state's procurement structure. The sponsor stated that the purchasing department transitioned from a general fund supported model to a fee based cooperative model, in which vendors pay a small fee to participate in state contracts. The sponsor noted that this approach is standard practice nationally. The Bill authorizes a 0.5% fee on purchasing contracts, which would be deposited into a restricted account and invested in gold to preserve purchasing power for goods the state anticipates acquiring. The sponsor stated that this structure would enhance supplier and vendor participation and could improve pricing for the state over time.

Representative Cutler expressed concern that the 0.5% fee functions as a tax on purchasing that could ultimately be borne by Utah residents. He questioned why individual departments should engage in monetary hedging rather than relying on the State Treasurer to manage long-term diversification strategies. The sponsor responded that the fee is paid by vendors, not taxpayers, and is part of a centralized purchasing structure designed to mitigate inflationary pressures. The sponsor emphasized that vendors participate voluntarily, and that competitive bidding ensures costs are not simply passed on to citizens.

Representative Cutler reiterated his concern that the fee constitutes an unnecessary tax and asked whether every bidder would be required to include the 0.5% fee. The sponsor confirmed that all bidders would include the 0.5% fee but maintained that it is a standard competitive bid structure rather than a tax. Representative Keller asked whether the fee fluctuates based on the size of the contract. The sponsor responded that the fee is fixed at 0.5% and does not fluctuate.

Utah Legislative Watch spoke in support of the Bill.

Yeas: 7

Nays: 2

N/V: 5

Outcome: 1st substitute HB 405 passed out of Committee with a favorable recommendation.