



State Procurement Manual

Department of Administration, State Bureau of Procurement

Number
PRO-407

Section	Effective	Replaces
CONTRACT ADMINISTRATION AND TRANSACTIONS	9/16/19	PRO-E-14 11-1-88
Title		Page
PRICING AND DISCOUNTS		1 of 1

SCOPE: The purpose of this policy is to establish conditions under which supplier price changes may be allowed, and procedure for accepting discounts.

POLICY: Prices established in a continuing contract to provide goods or services over a period of time may be lowered due to general market conditions, but prices will not be subject to increase for 90 calendar days from the date of award (or later, if provided by the terms of the contract).

The State Bureau of Procurement or the agency with transaction authority may accept, negotiate, or reject any proposed price increase.

The State of Wisconsin qualifies for governmental discounts and its educational institutions also qualify for educational discounts. Unit prices will reflect these discounts. Prices may be lower than U.S. government contract prices since states are exempt from the most-favored customer clause in GSA contracts.

- PROCEDURE:**
- I. Pricing on Contract, Changes
 - A. Unit prices shown on the order or contract will be the price per unit of sale as stated on the bid or contract. For any given item, the quantity multiplied by the unit price will establish the extended price. If an apparent mistake exists in the extended price, the unit price will govern.
 - B. The contractor will submit any proposed price increase under a contract to the agency at least 30 calendar days before the proposed effective date of the price increase.
 - C. Any price increase will be limited to fully documented cost increases to the contractor which the contractor demonstrates to be industrywide.



Legal Authority

Wis. Stats. 16.528; 16.75(1); (3); (6)(a); 16.76
Agencies Affected: All, unless otherwise noted

Authorized:
Sara Redford, Director
State Bureau of Procurement



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CONTRACT ADMINISTRATION AND TRANSACTIONS	DATE	PRO-E-14 11-1-88
Title	Page	
PRICING AND DISCOUNTS	2 of 2	

- D. The conditions under which price increases may be granted will be expressed in solicitations and contracts.
- E. Upon rejection, the contractor may exercise any termination clause in the contract, if that option has been provided for. See PRO-411, Contract Cancellation and Termination Procedures.

II. Discounting

- A. Pricing may be based on quantity discounts, where lower prices may result as higher quantities are achieved.
- B. Quantity discounts that involve bill-back clauses, where an agency will be billed back the difference between a contract quantity price and an actual purchase price if the contract quantity is not achieved, will not be entered into.
- C. In determining bid awards, discounts that are offered for early payment will only be considered when all other conditions are equal. See PRO-305, Basis for Bid Awards.
- D. All possible attention will be given to processing invoices within the terms of payment. In processing invoices, priority is given to invoices which bear a cash discount. See PRO-409, Prompt Payment Policy.



Legal Authority

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