

SENATE BILL 2896

By McNally

AN ACT to amend Tennessee Code Annotated, Title 12,
Chapter 4, relative to review of state contracts for
goods and services.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 12, Chapter 4, Part 1, is amended by
adding the following language as a new section:

Section 12-4-126.

(a) Prior to renewing, extending, or modifying the terms of any contract for goods or services subject to approval by the comptroller of the treasury, a state department or agency shall undertake a financial review of both the original entity with which the state has contracted and any proposed successor entity to ascertain the financial stability of both entities and to assess the liability of both entities to the state under the terms of the contract. For purposes of this section, "successor entity" includes any merger, acquisition, name change, or change in corporate control of the entity.

(b) Upon conclusion of such review and prior to any renewal, extension, or modification, a department or agency shall certify to the department of general services, in the case of contracts for goods, or to the office of contracts review in the department of finance and administration, in the case of contracts for services, that it has conducted a review in accordance with subsection (a) and that the state's fiscal position will not be adversely affected by renewal, extension, or modification of the contract. Such certification shall include a detailed description of the financial review undertaken by the department or

agency. A copy of each certification shall be submitted to the comptroller of the treasury and to the legislative fiscal review committee at the same time that it is submitted to the department of general services or to the office of contracts review. No contract renewal, extension, or modification shall be approved by the department of general services, the office of contracts review, or the comptroller of the treasury unless it contains such certification in satisfactory form.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it.