

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 3656 - HB 3693

February 6, 2012

SUMMARY OF BILL: Defines “Tennessee business” relative to contract bids. Requires the Procurement Commission to promulgate rules to establish a two-year pilot project that will create preference allowances for Tennessee businesses in the evaluation of bids and proposals for state contracts. Requires allowances to be no more than five percent of the lowest responsive, responsible bid meeting specifications. Requires the Procurement Commission to create a sliding scale allowance of two to four percent based on the contract value for contracts of more than \$1,000,000. Requires the Procurement Office to evaluate the pilot project at the end of the two-year period to determine any additional costs incurred or savings. Requires the Procurement Office to determine if additional jobs were created in the state. Requires the Chief Procurement Officer to report the findings to the State and Local Government Committees of the Senate and House of Representatives by March 1, 2015.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$594,700/FY11-12 and FY12-13

Assumptions:

- According to the Department of General Services (TDGS), the Department spent \$11,629,556 on contract payments to Tennessee vendors in FY10-11.
- TDGS spent \$16,992,076 on contract payments to out-of-state vendors in FY10-11.
- Assuming an average three and one-half percent preference allowance for state contracts, the recurring increase in state expenditures is \$594,722.66 (\$16,992,076 out-of-state vendors x 3.5%).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise".

Lucian D. Geise, Executive Director

/sbh

SB 3656 - HB 3693