

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 630 - HB 794

March 17, 2015

SUMMARY OF BILL: Authorizes a Tennessee bidder preference of 10 percent be applied to all contracts, entered into or renewed July 1, 2015, and thereafter, for mowing of rights-of-way, sweeping, litter collection, vegetation removal, and guardrail repair, provided such preference does not jeopardize federal funding resources. Defines a Tennessee bidder as a person that is incorporated or qualified to do business in Tennessee and has maintained a place of business in Tennessee, staffed by the bidder or bidder's employee, for six months immediately preceding the date of the bid.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$528,500

Assumptions:

- According to the 2011-12 survey conducted by the National Association of State Procurement Officials (NASPO), 25 states provide a legal preference for in-state bidders or products. Of the state's contiguous to Tennessee, Kentucky, North Carolina, Georgia, Mississippi, and Missouri have reciprocal preference laws.
- According to the Department of Transportation (TDOT), the Department awarded contracts to out-of-state vendors for these services in an average amount of \$10,569,333 per year (\$31,708,000/3 years).
- Assuming a 10 percent preference allowance for in-state vendors and that 50 percent of the out-of-state contracts would now be awarded to a Tennessee vendor will result in a recurring increase in state expenditures of \$528,467 ($\$10,569,333/2 \times 10\%$).

CERTIFICATION:

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

A handwritten signature in black ink that reads "Jeffrey L. Spalding".

Jeffrey L. Spalding, Executive Director

/lsc