

Research Plan: Online Bidding and Local Governments

Research Manager: Cliff Lippard

Lead Research Associate: Nathan Shaver

Support:

Deputy Executive Director Approval: Initial:  Date: 5-17-19

Executive Director Approval: Initial:  Date: 5/17/19

Purpose

To study local governments' bidding processes, including the use of online bidding.

Background

State law provides the procedural and legal framework for how local governments purchase goods and services from the private sector. Under current Tennessee law, local governments are permitted, but are not required, to receive bids, proposals, and other offers electronically, i.e., through the internet. Senate Bill 600 by Jackson and House Bill 635 by Travis would have required local governments to receive bids, proposals, and other offers electronically. The bill also would have required local governments to provide a secure electronic interactive system to satisfy any requirement for mailing for invitations to bid, requests for proposals, and other offers electronically. The bill would have exempted local governments that are below a specified population and those that are currently without access to high-speed internet or a computer from these requirements.

At the March, 5, 2019, Cities and Counties House Subcommittee hearing for the bill, a representative for Central Bidding, a provider of online bidding services to local governments, testified in support of the bill. He explained that Central Bidding offered an online system that was free for local governments to use and would satisfy the bill's requirements. Representatives from the Tennessee County Services Association and the Tennessee Municipal League voiced their opposition to the bill. They testified that the bill would create an unfunded mandate and that most local governments in Tennessee don't have the ability to receive bids online through a secure electronic interactive

system, as the bill would require. At the March 20, 2019, House Local Government Committee, Representative Travis made a motion, which passed, to send the bill to TACIR for a study.

Step 1. Define the Problem

Whether Tennessee should require, instead of permit, local governments to receive bids, proposals, and other offers electronically.

Step 2. Assemble Some Evidence

- Review past and present legislation, statutes, and regulations affecting the local government bidding process.
 - Review committee hearings on legislation and summarize comments and concerns of committee members, bill sponsors, and others.
 - Interview bill sponsors, proponents, and other stakeholders.
 - Review fiscal notes.
- Review similar policies and laws in other states.
- Review local government purchasing guides.
- Review relevant literature and data sets from other states.
- Interview legislators, local officials, industry experts and other stakeholders. These include but are not limited to representatives of
 - Tennessee County Services Association,
 - County Technical Assistance Service,
 - Tennessee Municipal League,
 - Municipal Technical Advisory Service,
 - local government officials,
 - local government purchasing agents,
 - businesses that provide online bidding services to local governments, and
 - vendors that submit bids to local governments.

Step 3. Construct Alternatives

Alternatives will be based on

- current law,
- proposed changes to the current law,
- other states' laws, and
- any additional alternatives drawn from the research and analysis in Step 2.

Each alternative will be described specifically enough to project outcomes in Step 5.

Step 4. Select Criteria

- Cost, direct and indirect, to
 - local governments,
 - citizens,
 - vendors,
 - providers of online bidding services to local governments, and
 - other stakeholders.
- Effectiveness at solving problem.
- Receptiveness of
 - local government,
 - citizens,
 - vendors,
 - providers of online bidding services to local governments, and
 - other stakeholders.
- Ease of administration for
 - local governments,
 - vendors, and
 - providers of online bidding services to local governments.

Step 5. Project Outcomes

- Estimate cost.

- Estimate the effectiveness and ease of administration.
- Estimate the acceptability to local government, vendors, and providers of online bidding services to local governments.

Step 6. Confront Trade-offs

- How will the alternatives, including any changes to current law, affect stakeholders?
- What are the pros and cons of the potential alternatives?

Step 7. Decide which alternatives to present to the Commission

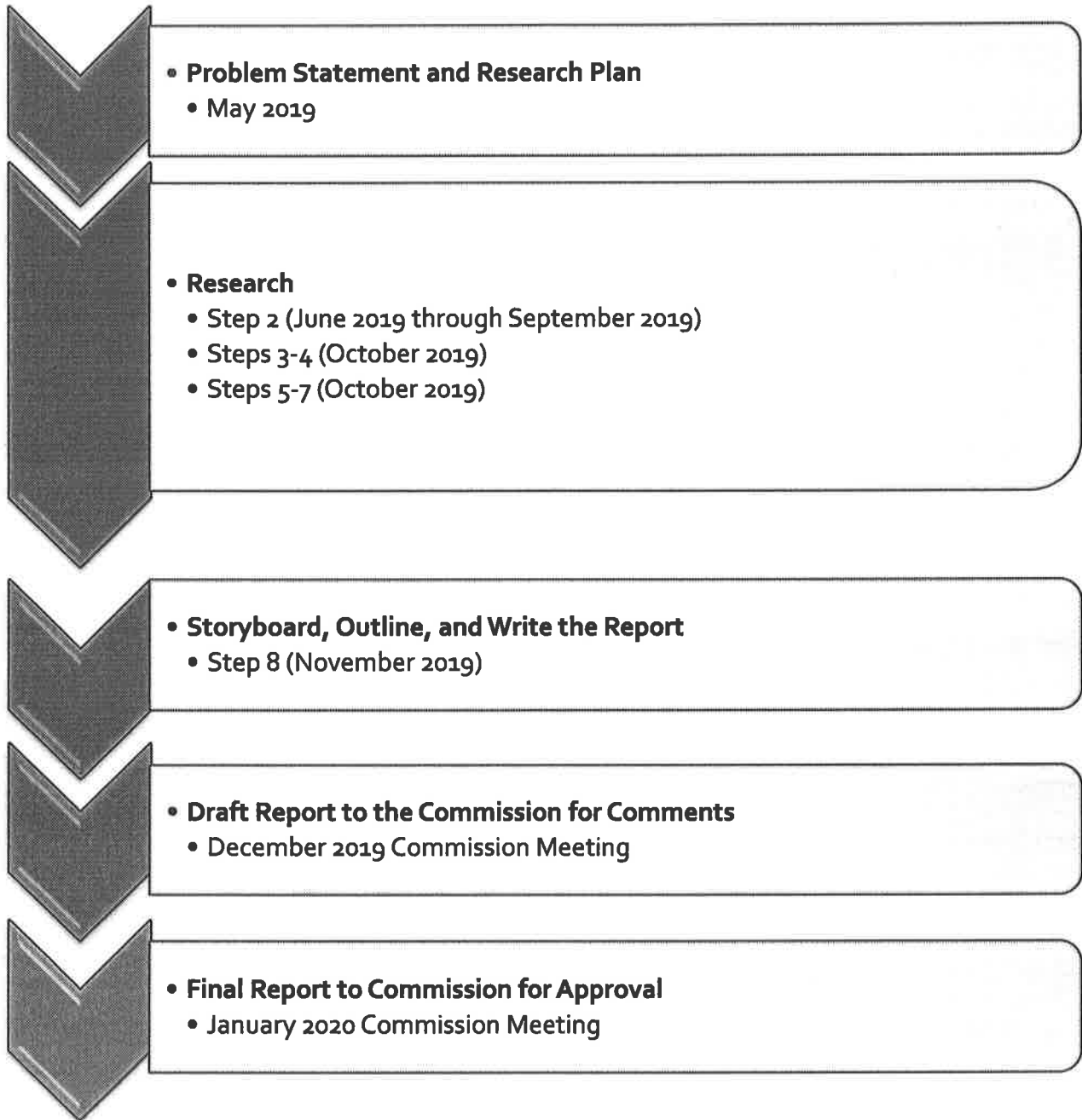
Based on the results of Step 6, choose the alternatives that most practically and realistically resolve the problem.

Step 8. Produce the Draft Report

Develop and present a draft for review and comment to the Commission.

Revisit Steps 5 through 8.

- Respond to feedback from Commission regarding outcome projections, trade-offs, and selection of alternatives.
- Revise and edit the draft to reflect comments of the Commission.
- Submit final report to the Commission for approval.



3/1/19 - Cities & Counties
State
Committee

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MAR 01 2019
BY: 221

Amendment No. _____

[Signature]
Signature of Sponsor

FILED
Date _____
Time _____
Clerk _____
Comm. Amdt. _____

AMEND Senate Bill No. 600

House Bill No. 635*

by deleting all language after the enacting clause and substituting instead the following:

SECTION 1. Tennessee Code Annotated, Section 12-4-116, is amended by deleting the section and substituting the following:

Notwithstanding any law, rule or regulation to the contrary, local governments shall provide a secure electronic interactive system as an additional option to satisfy any requirement for mailing for invitations to bid, requests for proposals, and other offers electronically. Local governments shall provide the option for vendors to submit bids, proposals, and other offers electronically. Nothing in this section prohibits vendors from submitting bids, proposals, and other offers to local governments in paper form. Local governments are not required to make any expenditure for high speed internet access, a computer, software, personnel costs, training, or other office equipment directly related to the receipt of bids electronically. Local governments that are currently without access to high speed internet or a computer are exempt from the requirements of this section until such time that access to high speed internet or a computer becomes available. Additionally, any county with a population of less than eighteen thousand (18,000) or any municipality with a population of less than nine thousand (9,000), according to the 2010 federal census or any subsequent federal census, is exempt from the requirements of this section.

SECTION 2. This act shall take effect July 1, 2020, the public welfare requiring it.



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