

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 897 – HB 1379

April 4, 2017

SUMMARY OF ORIGINAL BILL: Increases, from \$10,000 to \$25,000, the threshold above which a local education agency (LEA) must seek competitive bids for purchases if the LEA chooses not to follow the local governing body's purchasing procedure. Increases this threshold to \$100,000 if the LEA has a separate purchasing division. Deletes the requirement that competitive bids be solicited through advertisements in newspapers and adds a requirement that such bids be solicited through advertisements on the local board of education's website.

FISCAL IMPACT OF ORIGINAL BILL:

Decrease Local Expenditures – Exceeds \$1,300

SUMMARY OF AMENDMENT (006650): Deletes and rewrites the bill to add LEAs with centralized purchasing authority and a full time purchasing agent to the list of local government entities authorized to set the threshold above which competitive bids must be sought at \$25,000. Requires at least three written quotations whenever possible for purchases costing less than the bid threshold, but more than 40 percent of the bid threshold or some lower amount as established by local resolution.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

NOT SIGNIFICANT

Assumptions for the bill as amended:

- Increasing the monetary threshold for seeking competitive bids for purchases will reduce the number of purchases that are required to be made on a competitive bid basis which could lead to a permissive increase in local expenditures for LEAs for the procurement of certain goods and services.
- However, eliminating the competitive bid process for certain purchases could also lead to a permissive decrease in local expenditures for LEAs for administrative costs occurring as a result of processing multiple bids for a single procurement of goods and services.

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- Any net permissive impact on local expenditures for LEAs is dependent on multiple unknown factors; however, it is assumed the net permissive impact would be not significant.

CERTIFICATION:

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

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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