

SENATE BILL 314

By Gilmore

AN ACT to amend Tennessee Code Annotated, Title 12, Chapter 3, Part 11, relative to the Tennessee small business reserve pilot program.

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

SECTION 1. Tennessee Code Annotated, Title 12, Chapter 3, Part 11, is amended by adding the following as a new section:

(a) There is created a Tennessee small business reserve pilot program as an initiative aimed at ensuring that eligible businesses are afforded the maximum equitable opportunity to participate in this state's procurement process. The pilot program expires June 30, 2026, and must be initiated and supervised by the department in coordination with the department of finance and administration, the comptroller of the treasury, and the governor's office of diversity business enterprises.

(b) During the pilot program, all state governmental entities shall select certain contracts to award to an eligible business as follows:

(1) In determining whether a particular contract is eligible for the pilot program, state governmental entities shall consider whether there is an eligible business that is capable and available to bid on the contract;

(2) If an eligible business is identified under subdivision (b)(1), then the state governmental entity shall offer the contract for bid only to an eligible business;

(3) If a responsive and responsible bid or proposal is not received for a contract that has been designated for the pilot program, or the low bid is

determined to be too high, the contract may be removed from the pilot program;
and

(4) Each state governmental entity shall, to the extent practicable, achieve a minimum of fifteen percent (15%) of the entity's total dollar value of contracts from businesses in the following industries:

- (A) Agriculture, forestry, and fishing;
- (B) Architecture, design, and engineering;
- (C) Automotive maintenance;
- (D) Construction;
- (E) Education;
- (F) Finance, insurance, and real estate;
- (G) Information systems and technology;
- (H) Manufacturing;
- (I) Marketing, communications, and public relations;
- (J) Medical and health care;
- (K) Retail;
- (L) Transportation, commerce, and utilities; and
- (M) Wholesale.

(c)

(1) Businesses eligible to participate in the pilot program are those that:

(A) Are minority-owned businesses, woman-owned businesses, service-disabled veteran-owned businesses, businesses owned by persons with disabilities, and small businesses that are listed in the directory published by the governor's office of diversity business enterprises pursuant to § 12-3-1103(d); and

(B) Have an average of less than one million dollars (\$1,000,000) in gross receipts each year over the previous three (3) years.

(2) The governor's office of diversity business enterprises shall determine the businesses eligible to participate and produce a list of such businesses for dissemination to all state governmental entities.

(d) During the pilot program, state governmental entities shall consider whether a particular project or service subject to a contract bid could be separated into smaller contracts that would allow the contract to be bid under the pilot program.

(e)

(1) The chief procurement officer shall include a progress report on the pilot program in the annual report required under § 12-3-1107.

(2) The department shall produce a report on the pilot program after the pilot program concludes and submit the report to the state and local government committee of the senate and the state government committee of the house of representatives no later than February 28, 2027.

SECTION 2. For purposes of performing any administrative actions necessary for implementation of this act, this act takes effect upon becoming a law, the public welfare requiring it. For all other purposes, this act takes effect July 1, 2021, the public welfare requiring it.