



TACIR

The Tennessee Advisory Commission
on Intergovernmental Relations



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226 Anne Dallas Dudley Blvd., Suite 508
Nashville, Tennessee 37243-0760
Phone: (615) 741-3012
Fax: (615) 532-2443
www.tn.gov/tacir

MEMORANDUM

TO: Commission Members

FROM: Cliff Lippard *Cliff*
Executive Director

DATE: 12 December 2019

SUBJECT: House Bill 635/Senate Bill 600 (Local Government Procurement and the Acceptance of Online Bids and Offers)—Draft Report for Review and Comment

The attached Commission report is submitted for your review and comment. It was prepared in response to a March 20, 2019, motion passed by the House Local Government Committee requesting a study of House Bill 635 by Representative Travis. Current state law provides that Tennessee's local governments may receive bids and other offers electronically. House Bill 635—which was promoted by a Louisiana company that provides electronic procurement services to local governments—would have amended the current law to make it mandatory for local governments to accept online bids and other offers through a “secure electronic interactive system.” The bill would have exempted local governments below specified population thresholds. See appendix A for a copy of House Bill 635.

The draft report explains that all Tennessee stakeholders interviewed for the study were opposed to making it mandatory for local governments to receive online bids and other offers and to provide a “secure electronic interactive system.” Only two states—Louisiana and Mississippi—have similar requirements for their local governments. Stakeholders noted that receiving online bids and other offers can be beneficial for some local governments and for certain purchases but not for all local governments or for all purchases for which they solicitate bids and other offers. The draft report provides that **while recognizing the potential benefits of receiving online bids and other offers, the Commission does not recommend making e-procurement mandatory for Tennessee's local governments.**

The draft report also explains that some states, such as Maryland and Virginia, have fully functional state-level e-procurement systems that they allow their local governments to use to receive online bids and other offers. Tennessee's state-level e-procurement software system, operated through the state's Edison system, would need to be upgraded to provide local governments the ability to use it to receive electronic bids and other offers. The state officials responsible for Edison estimate that it would cost approximately \$100,000 to update the Edison system to allow local governments to use it to receive online bids and other offers. The draft report recommends that **if lawmakers want the state to have an e-procurement system that local governments could use to receive online bids and other offers, like Maryland and Virginia, they should consider upgrading the state's current Edison system.**