

HOUSE BILL 1946

By Miller

AN ACT to amend Tennessee Code Annotated, Title 4 and
Title 12, relative to small businesses.

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

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

§ 12-3-1301. This part shall be known and may be cited as the "Tennessee
Small Business Procurement and Contracting Opportunity Act".

§ 12-3-1302. As used in this part, unless the context otherwise requires:

(1) "Small business" means an enterprise that constitutes a "small
business concern" under federal law and the criteria used by the administrator of
the small business administration of the United States as may be amended from
time to time; and

(2) "Tennessee small business" means a small business with at least
fifty-one percent (51%) of its controlling ownership interest having residency in
Tennessee.

§ 12-3-1303. In addition to the other provisions of this chapter concerning
disadvantaged business procurement and contracting opportunities, the chief
procurement officer shall adopt a plan to maximize participation of Tennessee small
businesses in state agency procurement and contracting. In developing such a plan, the
chief procurement officer shall strive to achieve a minimum participation goal of twenty
percent (20%) of Tennessee small businesses through both prime and second-tier state
agency procurement and contracting opportunities.

§ 12-3-1304.

(a) Notwithstanding any law to the contrary, the chief procurement officer shall promulgate regulations authorizing a preference for Tennessee small businesses in the evaluation of proposals for state contracts.

(b) The preference to be given to a Tennessee small business shall not exceed five percent (5%) of the lowest responsive, responsible bidder meeting specifications and shall be applied on a sliding scale in the following manner:

(1) A preference of up to five percent (5%) shall be allowed for contracts up to five hundred thousand dollars (\$500,000);

(2) A preference of up to three and one-half percent (3.5%) shall be allowed for contracts up to seven hundred fifty thousand dollars (\$750,000);

(3) A preference of two and one-half percent (2.5%) shall be allowed for contracts up to one million dollars (\$1,000,000);

(4) A preference of two percent (2%) shall be allowed for contracts that exceed one million dollars (\$1,000,000); and

(5) For construction contracts over two million dollars (\$2,000,000), a two percent (2%) preference shall be given to the bids of general contractors who, through use of subcontractors, utilize Tennessee small businesses to perform at least fifty percent (50%) of the work subject to the contract. Any general contractor that receives a contract pursuant to this subdivision (b)(5) shall provide periodic assurances that the requirements of this subdivision have been met or exceeded as may be required by the terms of the contract.

§ 12-3-1305. The chief procurement officer is authorized and directed to identify qualified Tennessee small businesses, to undertake training programs and other educational activities to enable Tennessee small businesses to compete for contracts on

an equal basis with other businesses, and to provide necessary assistance to state agencies seeking to maximize participation of Tennessee small businesses.

§ 12-3-1306. Prior to September 1 each year, the procurement commission shall include information concerning the effectiveness of this part in a report to the governor and to each member of the general assembly.

SECTION 2. This act shall take effect October 1, 2014, the public welfare requiring it, and shall apply to state contracts entered into or renewed on and after such date.