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Technical Bulletins: Municipal Purchasing Laws Amended

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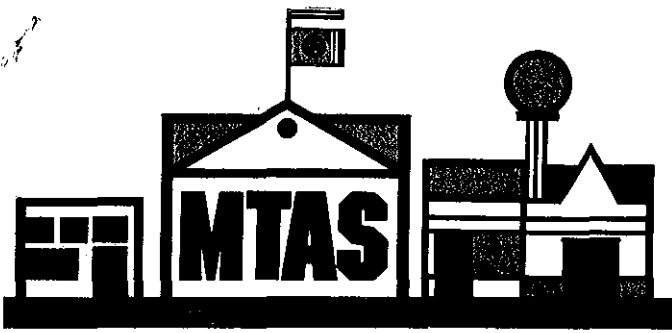
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TECHNICAL BULLETIN

MUNICIPAL TECHNICAL ADVISORY SERVICE
THE UNIVERSITY OF TENNESSEE
IN COOPERATION WITH THE TENNESSEE MUNICIPAL LEAGUE

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MUNICIPAL PURCHASING LAWS AMENDED

BY
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During the 1984 session of the General Assembly, an act (Chapter 765 of the Public Acts) was adopted which amends certain sections of the Municipal Purchasing Law of 1983 (TCA 6-56-301---306). It affects those cities in Tennessee that do not have charter provisions or private act requirements governing competitive bidding and purchasing. The amendment was secured primarily through the efforts of Tennessee Municipal League officials in an attempt to clarify some points in the original law and to make the law less cumbersome for municipal officials to administer. The amendment also provides for more cooperative purchasing activity among units of government.

In addition to items previously exempted, the amendment also exempts these purchases and investments from public advertisement and competitive bids:

- (1) "Investments in or purchases from the pooled investment fund established pursuant to TCA 9-17-105" (State Investment Pool).
- (2) "Purchases from instrumentalities created by two (2) or more cooperating governments such as, but not limited to, those established pursuant to the Interlocal Cooperation Act (TCA 12-9-101, et seq.)."
- (3) "Purchases from non-profit corporations such as, but not limited to, the Local Government Data Processing Corporation, whose purpose, or one of whose purposes, is to provide goods or services specifically to municipalities."
- (4) "Purchases, leases, or lease-purchases of real property."
- (5) "Purchases, leases, or lease-purchases from any federal, state or local governmental unit or agency of second-hand articles or equipment or other materials, supplies, commodities, and equipment."
- (6) "Notwithstanding the requirements of its charter, any municipality may purchase from any federal, state, or

local governmental unit or agency second-hand articles or equipment or other materials, supplies, commodities, and equipment without public advertisement and competitive bidding."

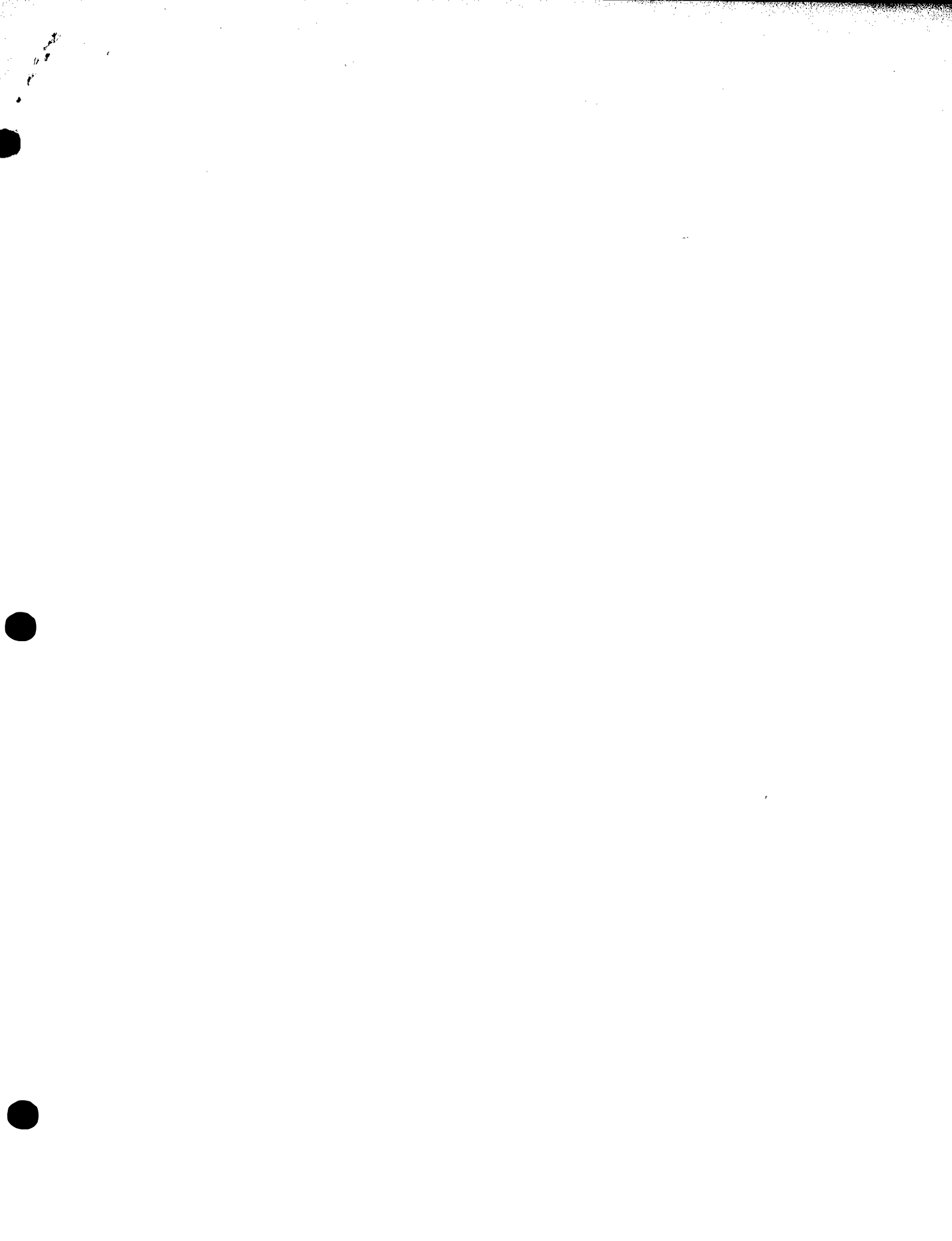
- (7) "Purchases, leases, or lease-purchases of one thousand dollars (\$1,000) or less in any fiscal year shall not require any public advertisement and competitive bidding."

At least three competitive bids, whenever possible, now are required on open market transactions without advertisement for all purchases, leases, or lease-purchase arrangements with expenditures of less than \$2,500 but more than \$1,000 in any fiscal year. Municipal officials still are required to advertise and receive competitive bids on items which amount to \$2,500 or more in each fiscal year, except as provided in the original law and the amendment, and within the limits of the approved budget and the appropriations when budgets or appropriations are required.

Tennessee Code Annotated, title 12, chapter 3, part 10, also was amended by adding these new sections, which apply to municipal purchasing:

- "(A) Notwithstanding the requirements of its charters, any municipality may purchase from any federal, state, or local governmental unit or agency second-hand articles or equipment or other materials, supplies, commodities, and equipment without public advertisement and competitive bidding.
- "(B) Any municipality, county, utility district, or other local governmental unit of the state may, upon request, purchase supplies, equipment, and services for any other municipality, county, utility district, or other local governmental unit. The purchases shall be made on the same terms and under the same rules and regulations as regular purchases of the purchasing entity. The cost of the purchase shall be borne by the local government for which the purchase was made. Where the local government making the request is required to advertise and receive bids, it shall be sufficient for those purposes that the purchasing entity comply only with its own purchasing requirements."

MTAS soon will publish and distribute a purchasing guide to city officials which will include the Municipal Purchasing Law as amended, other laws related to municipal purchasing, and suggested purchasing procedures. Additionally, MTAS and the Center for Government Training will sponsor workshops on the purchasing law and 1984 amendments this summer. Cities will receive announcements when the workshops are scheduled.



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