

1 SB317
2 206712-1
3 By Senator Coleman-Madison
4 RFD: Governmental Affairs
5 First Read: 12-MAR-20

SYNOPSIS: Under existing law, except for contracts for public works, all expenditures of public funds involving \$15,000 or more are required to be let by competitive bidding.

This bill would increase the threshold amount that subjects a public contract to the competitive bidding requirements to \$25,000.

A BILL
TO BE ENTITLED
AN ACT

Relating to public contracts; to provide further for the threshold amount that subjects a public contract to the competitive bidding requirements.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Section 41-16-50, Code of Alabama 1975, is amended to read as follows:

"§41-16-50.

1 "(a) With the exception of contracts for public
2 works whose competitive bidding requirements are governed
3 exclusively by Title 39, all expenditure of funds of whatever
4 nature for labor, services, work, or for the purchase of
5 materials, equipment, supplies, or other personal property
6 involving ~~fifteen thousand dollars (\$15,000)~~ twenty-five
7 thousand dollars (\$25,000) or more, and the lease of
8 materials, equipment, supplies, or other personal property
9 where the lessee is, or becomes legally and contractually,
10 bound under the terms of the lease, to pay a total amount of
11 ~~fifteen thousand dollars (\$15,000)~~ twenty-five thousand
12 dollars (\$25,000) or more, made by or on behalf of any state
13 trade school, state junior college, state college, or
14 university under the supervision and control of the Alabama
15 Community College System, the Alabama Fire College, the
16 district boards of education of independent school districts,
17 the county commissions, the governing bodies of the
18 municipalities of the state, and the governing boards of
19 instrumentalities of counties and municipalities, including
20 waterworks boards, sewer boards, gas boards, and other like
21 utility boards and commissions, except as hereinafter
22 provided, shall be made under contractual agreement entered
23 into by free and open competitive bidding, on sealed bids, to
24 the lowest responsible bidder. Prior to advertising for bids
25 for an item of personal property or services, where a county,
26 a municipality, or an instrumentality thereof is the awarding
27 authority, the awarding authority may establish a local

1 preference zone consisting of either the legal boundaries or
2 jurisdiction of the awarding authority, or the boundaries of
3 the county in which the awarding authority is located, or the
4 boundaries of the Core Based Statistical Area in which the
5 awarding authority is located. If no such action is taken by
6 the awarding authority, the boundaries of the local preference
7 zone shall be deemed to be the same as the legal boundaries or
8 jurisdiction of the awarding authority. In the event a bid is
9 received for an item of personal property or services to be
10 purchased or contracted for from a person, firm, or
11 corporation deemed to be a responsible bidder, having a place
12 of business within the local preference zone where the county,
13 a municipality, or an instrumentality thereof is the awarding
14 authority, and the bid is no more than five percent greater
15 than the bid of the lowest responsible bidder, the awarding
16 authority may award the contract to the resident responsible
17 bidder. In the event only one bidder responds to the
18 invitation to bid, the awarding authority may reject the bid
19 and negotiate the purchase or contract, providing the
20 negotiated price is lower than the bid price.

21 "(b) The governing bodies of two or more contracting
22 agencies, as enumerated in subsection (a), or the governing
23 bodies of two or more counties, or the governing bodies of two
24 or more city or county boards of education, may provide, by
25 joint agreement, for the purchase of labor, services, or work,
26 or for the purchase or lease of materials, equipment,
27 supplies, or other personal property for use by their

1 respective agencies. The agreement shall be entered into by
2 similar ordinances, in the case of municipalities, or
3 resolutions, in the case of other contracting agencies,
4 adopted by each of the participating governing bodies, which
5 shall set forth the categories of labor, services, or work, or
6 for the purchase or lease of materials, equipment, supplies,
7 or other personal property to be purchased, the manner of
8 advertising for bids and the awarding of contracts, the method
9 of payment by each participating contracting agency, and other
10 matters deemed necessary to carry out the purposes of the
11 agreement. Each contracting agency's share of expenditures for
12 purchases under any agreement shall be appropriated and paid
13 in the manner set forth in the agreement and in the same
14 manner as for other expenses of the contracting agency. The
15 contracting agencies entering into a joint agreement, as
16 herein permitted, may designate a joint purchasing or bidding
17 agent, and the agent shall comply with this article.
18 Purchases, contracts, or agreements made pursuant to a joint
19 purchasing or bidding agreement shall be subject to all terms
20 and conditions of this article.

21 In the event that utility services are no longer
22 exempt from competitive bidding under this article,
23 non-adjointing counties may not purchase utility services by
24 joint agreement under authority granted by this subsection.

25 "(c) The awarding authority may require bidders to
26 furnish a bid bond for a particular bid solicitation if the
27 bonding requirement applies to all bidders, is included in the

1 written bid specifications, and if bonding is available for
2 the services, equipment, or materials.

3 "(d) Notwithstanding subsection (a), in the event
4 the lowest bid for an item of personal property or services to
5 be purchased or contracted for is received from a foreign
6 entity, where the county, a municipality, or an
7 instrumentality thereof is the awarding authority, the
8 awarding authority may award the contract to a responsible
9 bidder whose bid is no more than 10 percent greater than the
10 foreign entity if the bidder has a place of business within
11 the local preference zone or is a responsible bidder from a
12 business within the state that is a woman-owned enterprise, an
13 enterprise of small business, as defined in Section 25-10-3, a
14 minority-owned business enterprise, a veteran-owned business
15 enterprise, or a disadvantaged-owned business enterprise. For
16 the purposes of this subsection, foreign entity means a
17 business entity that does not have a place of business within
18 the state."

19 Section 2. This act shall become effective on the
20 first day of the third month following its passage and
21 approval by the Governor, or its otherwise becoming law.