



TACIR INSIGHT

TENNESSEE ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS
226 ANNE DALLAS DUDLEY BOULEVARD, SUITE 508, NASHVILLE, TENNESSEE 37243 • WWW.TN.GOV/TACIR

E-PROCUREMENT BY LOCAL GOVERNMENTS IN TENNESSEE

Background

As government purchases are made using taxpayer dollars, public procurement is subject to tighter regulations, more intensive scrutiny, and a greater degree of accountability than private sector procurement. As technology has advanced, local governments are increasingly using new tools and services to improve their effectiveness and efficiency. To that end, Tennessee Code Annotated, Section 12-4-116 provides that Tennessee's local governments may receive bids, proposals and other offers electronically, i.e. online. In 2019, lobbyists for a Louisiana company that provides e-procurement systems to local governments advocated for passage of a bill (House Bill 635 by Travis) that would have amended state law to make the receipt of online bids mandatory instead of permissive, requiring Tennessee's local governments to provide a "secure electronic interactive system" and to accept online bids and other offers. House Bill 635, introduced in 2019 by Representative Ron Travis, would have amended state law to make the receipt of online bids mandatory instead of permissive, requiring Tennessee's local governments to provide a "secure electronic interactive system" and to accept online bids and other offers."

Findings and Recommendations

- While recognizing the potential benefits of receiving online bids and other offers, the Commission does not recommend making it mandatory for Tennessee's local governments.
- Policymakers may want to consider the approaches taken by states like Maryland and Virginia, which have state-level e-procurement systems that they allow their local governments to use to receive online bids and other offers. State officials estimate that it would cost approximately \$100,000 to upgrade Tennessee's state level e-procurement system to make it available to local governments to receive online bids and other offers.