SB108 ENROLLED



- 1 1HT13L-2
- 2 By Senators Coleman-Madison, Coleman, Elliott, Waggoner,
- 3 Figures, Stewart, Hatcher, Jones
- 4 RFD: State Governmental Affairs
- 5 First Read: 21-Mar-23

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7 2023 Regular Session



1 Enrolled, An Act, 2 3 4 Relating to public contracts; to amend Sections 5 41-16-50, 41-16-51, 41-16-52, 41-16-53, 41-16-54, and 41-16-55, Code of Alabama 1975, to increase the threshold 6 dollar amount for which competitive bidding is generally 7 required for certain state and local public awarding 8 9 authorities, with exceptions; to provide a legislative method for the increase of the threshold dollar amount; and in 10 11 connection therewith would have as its purpose or effect the 12 requirement of a new or increased expenditure of local funds 13 within the meaning of Section 111.05 of the Constitution of Alabama of 2022. 14 15 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA: Section 1. Sections 41-16-50, 41-16-51, 41-16-52, 16 41-16-53, 41-16-54, and 41-16-55, Code of Alabama 1975, are 17 18 amended to read as follows: "\$41-16-50 19 20 (a) With the exception of contracts for public works 21 whose competitive bidding requirements are governed exclusively by Title 39, all expenditure of funds of whatever 22 23 nature for labor, services, work, or for the purchase of 24 materials, equipment, supplies, or other personal property 25 involving fifteen thousand dollars (\$15,000) thirty thousand 26 dollars (\$30,000) or more, and the lease of materials, 27 equipment, supplies, or other personal property where the

lessee is τ or becomes legally and contractually τ bound under



29 the terms of the lease, to pay a total amount of fifteen30 thousand dollars (\$15,000) thirty thousand dollars (\$30,000) 31 or more, made by or on behalf of the Alabama Fire College, the 32 district boards of education of independent school districts, 33 the county commissions, the governing bodies of the municipalities of the state, and the governing boards of 34 35 instrumentalities of counties and municipalities, including 36 waterworks boards, sewer boards, gas boards, and other like 37 utility boards and commissions, except as hereinafter otherwise provided in this article, shall be made under 38 39 contractual agreement entered into by free and open competitive bidding, on sealed bids, to the lowest responsible 40 41 and responsive bidder. (b) (1) Prior to advertising for bids for an item of 42 43 personal property or services, where a county, a municipality, or an instrumentality thereof is the awarding authority, the 44 45 awarding authority may establish a local preference zone 46 consisting of either any of the following: 47 a. The the legal boundaries or jurisdiction of the 48 awarding authority, or the. 49 b. The boundaries of the county in which the awarding 50 authority is located, or the. 51 c. The boundaries of the Core Based Statistical Area in 52 which the awarding authority is located. 53 (2) If no such action is taken by the awarding authority under subdivision (1), the boundaries of the local preference 54 zone shall be deemed to be the same as the legal boundaries or 55

jurisdiction of the awarding authority.





(3) In the event a bid is received for an item of personal property or services to be purchased or contracted for from a person, firm, or corporation deemed to be a responsible bidder, having a place of business within the local preference zone where the county, a municipality, or an instrumentality thereof is the awarding authority, and the bid is no more than five percent greater than the bid of the lowest responsible bidder, the awarding authority may award the contract to the resident responsible bidder.

- (4) If no bids or only one bid is received at the time stated in the advertisement for bids, the awarding authority may advertise for and seek other competitive bids, or the awarding authority may negotiate through the receipt of informal bids not subject to the requirements of this article. Where only one responsible and responsive bid has been received, any negotiation for the work shall be for a price lower than that bid. In the event only one bidder responds to the invitation to bid, the awarding authority may reject the bid and negotiate the purchase or contract, providing the negotiated price is lower than the bid price.
- (5) In the event both or all bids exceed the awarding authority's anticipated budget, the awarding authority may negotiate with the lowest responsible and responsive bidder, provided the negotiated price is lower than the bid price.
- (b)(c) The governing bodies of two or more contracting agencies, as enumerated in subsection (a), or the governing bodies of two or more counties, or the governing bodies of two or more city or county boards of education, may provide, by





85 joint agreement, for the purchase of labor, services, or work, 86 or for the purchase or lease of materials, equipment, 87 supplies, or other personal property for use by their 88 respective agencies. The agreement shall be entered into by 89 similar ordinances, in the case of municipalities, or 90 resolutions, in the case of other contracting agencies, 91 adopted by each of the participating governing bodies, which 92 shall set forth the categories of labor, services, or work, or 93 for the purchase or lease of materials, equipment, supplies, or other personal property to be purchased, the manner of 94 95 advertising for bids and the awarding of contracts, the method 96 of payment by each participating contracting agency, and other 97 matters deemed necessary to carry out the purposes of the 98 agreement. Each contracting agency's share of expenditures for 99 purchases under any agreement shall be appropriated and paid in the manner set forth in the agreement and in the same 100 101 manner as for other expenses of the contracting agency. The 102 contracting agencies entering into a joint agreement, as 103 herein permitted by this section, may designate a joint 104 purchasing or bidding agent, and the agent shall comply with 105 this article. Purchases, contracts, or agreements made 106 pursuant to a joint purchasing or bidding agreement shall be 107 subject to all terms and conditions of this article. 108 In the event that utility services are no longer exempt 109 from competitive bidding under this article, non-adjoining counties may not purchase utility services by joint agreement 110 under authority granted by this subsection. 111

 $\frac{(c)}{(d)}$ The awarding authority may require bidders to



furnish a bid bond for a particular bid solicitation if the bonding requirement applies to all bidders, is included in the written bid specifications, and if bonding is available for the services, equipment, or materials.

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

(\$30,000) or more may be split into parts involving sums of less than thirty thousand dollars (\$30,000) for the purpose of evading the requirements of this article.

(2) If an awarding authority documents its reasonable belief, based on expenditures in previous years, that an expenditure will not meet the dollar threshold and, based upon that reasonable belief, makes the expenditure without bidding, but then circumstances arise that necessitate making a



subsequent expenditure of like Items of Services that would
increase the total to or above the dollar threshold, then the
subsequent expenditure shall be bid pursuant to this article.
The awarding authority shall not be deemed to have violated
this article for the prior expenditure that was not bid,
provided that the awarding authority documented its reasonable
belief, based on expenditures in previous years, that the
total amount would be below the dollar threshold and that the
subsequent expenditure was bid.
(g) Beginning October 1, 2027, and every three years
thereafter, all dollar amounts used in this article shall be
subject to a cost adjustment based on the following procedure:
The Chief Examiner of the Department of Examiners of Public
Accounts may submit to the Chair of the Legislative Council a
recommendation that the amount be increased based on the
percentage increase in the Consumer Price Index for the
immediately preceding three-year period, rounded to the
nearest thousand dollars. The recommendation shall be subject
to the approval of the Legislative Council. In the event the
recommendation is not disapproved by the Legislative Council
by the end of April following the submission of the
recommendation, the recommendation shall be deemed to be
approved. Upon approval, the Department of Examiners of Public
Accounts shall notify the public of the adjusted dollar
amounts by July 1 before the fiscal year in which the changes
will take effect."
" §41-16-51
(a) Competitive bids for entities subject to this



- article shall not be required for utility services, the rates for which are fixed by law, regulation, or ordinance, and the competitive bidding requirements of this article shall not
- apply to any of the following:
- 173 (1) The purchase of insurance.
- 174 (2) The purchase of ballots and supplies for conducting 175 any primary, general, special, or municipal election.
- (3) Contracts for securing services of attorneys,

 physicians, architects, teachers, superintendents of

 construction, artists, appraisers, engineers, consultants,

 certified public accountants, public accountants, or other

 individuals possessing a high degree of professional skill

 where the personality of the individual plays a decisive part.
- 182 (4) Contracts of employment in the regular civil service.
- 184 (5) Contracts for fiscal or financial advice or 185 services.
- (6) Purchases of products made or manufactured by blind or visually impaired individuals under the direction or supervision of the Alabama Institute for Deaf and Blind in accordance with Sections 21-2-1 to 21-2-4, inclusive Chapter 2 of Title 21.
- 191 (7) Purchases of maps or photographs from any federal agency.
- 193 (8) Purchases of manuscripts, books, maps, pamphlets,
 194 periodicals, and library/research electronic data bases of
 195 manuscripts, books, maps, pamphlets, or periodicals.
- 196 (9) The selection of paying agents and trustees for any



197 security issued by a public body.

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- 198 (10) Existing contracts up for renewal for sanitation or
 199 solid waste collection, recycling, and disposal between
 200 municipalities or counties, or both, and those providing the
 201 service.
- 202 (11) Purchases of computer and word processing hardware
 203 when the hardware is the only type that is compatible with
 204 hardware already owned by the entity taking bids and custom
 205 software.
- 206 (12) Professional services contracts for codification 207 and publication of the laws and ordinances of municipalities 208 and counties.
 - (13) Contractual services and purchases of commodities for which there is only one vendor or supplier and contractual services and purchases of personal property which by their very nature are impossible to award by competitive bidding.
 - (14) Purchases of dirt, sand, or gravel by a county governing body from in-county property owners in order to supply a county-road or bridge project in which the materials will be used. The material shall be delivered to the project site by county employees and equipment used only on projects project components conducted exclusively by county employees.
- 219 (15) Contractual services and purchases of products
 220 related to, or having an impact upon, security plans,
 221 procedures, assessments, measures, or systems, or the security
 222 or safety of persons, structures, facilities, or
 223 infrastructures.
- 224 (16) Subject to the limitations in this subdivision,



225 purchases, leases, or lease/purchases of goods or services,

226 other than voice or data wireless communication services, made

- as a part of the purchasing cooperative sponsored by the
- 228 National Association of Counties, its successor organization,
- or any other national or regional governmental cooperative
- 230 purchasing program. The purchases, leases, or lease/purchases
- 231 may only be made if all of the following occur:
- a. The goods or services being purchased, including
- those purchased through a lease/purchase agreement, or leased
- 234 are available as a result of a competitive bid process
- 235 conducted by a governmental entity and approved by the Alabama
- 236 Department of Examiners of Public Accounts for each bid.
- 237 b. The goods or services are either not at the time
- 238 available to counties on the state purchasing program or are
- 239 available at a price equal to or less than that on the state
- 240 purchasing program.
- c. The purchase, lease, or lease/purchase is made
- 242 through a participating Alabama vendor holding an Alabama
- 243 business license if such a vendor exists.
- d. The entity purchasing, leasing, or lease/purchasing
- 245 goods or services under this subdivision has been notified by
- 246 the Department of Examiners of Public Accounts that the
- 247 competitive bid process utilized by the cooperative program
- 248 offering the goods complies with this subdivision. In
- 249 addition, upon request, a vendor shall provide the entity
- 250 purchasing, leasing, or lease/purchasing-items that exceed
- 251 <u>fifteen thousand dollars (\$15,000)</u> goods or services equaling
- 252 thirty thousand dollars (\$30,000) or more which are made under



this exception subdivision during the previous 12 months a
report of the sales, leases, and lease/purchases. which
includes The report shall include a general description of the
goods or services; the number of units sold, leased, and
leased/purchased per entity; and the price of units purchased,
leased, or leased/purchased.

- wireless communication services, whether voice or data, from vendors that have been awarded a current and valid Government Services Administration contract. Any purchase made pursuant to this subdivision shall be under the same terms and conditions as provided in the Government Services Administration contract. Prices paid for such goods and services, other than wireless communication services, whether voice or data, may not exceed the amount provided in the Government Services Administration contract.
- (18) Purchases of goods or services from vendors that have been awarded a current and valid statewide contract

 listed on the Alabama Buys e-procurement system. Any purchase made pursuant to this subdivision shall be under the same terms and conditions as provided in the statewide contract.

 Prices paid for such goods and services may not exceed the amount provided in the statewide contract.
- (19) Purchases of goods or services between governmental entities of the state, as authorized by Section 11-1-10.
 - (b) This article shall not apply to:
- (1) Any purchases of products where the price of the products is already regulated and established by state law.



- 281 (2) Purchases made by individual schools of the county 282 or municipal public school systems from monies other than 283 those raised by taxation or received through appropriations 284 from state or county sources.
- 285 (3) The purchase, lease, sale, construction,
 286 installation, acquisition, improvement, enlargement, or
 287 expansion of any building or structure or other facility
 288 designed or intended for lease or sale by a medical clinic
 289 board organized under Sections 11-58-1 to 11-58-14, inclusive
 290 Chapter 58 of Title 11.

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- (4) The purchase, lease, or other acquisition of machinery, equipment, supplies, and other personal property or services by a medical clinic board organized under Sections

 11-58-1 to 11-58-14, inclusive Chapter 58 of Title 11.
- (5) Purchases for public hospitals and nursing homes operated by the governing boards of instrumentalities of the state, counties, and municipalities.
- 298 (6) Contracts for the purchase, lease, sale, 299 construction, installation, acquisition, improvement, 300 enlargement, or extension of any plant, building, structure, 301 or other facility or any machinery, equipment, furniture, or 302 furnishings therefor designed or intended for lease or sale 303 for industrial development, other than public utilities, under Sections 11-54-80 to 11-54-99, inclusive Division 1 of Article 304 4 of Chapter 54 of Title 11, or Sections 11-54-20 to 11-54-28, 305 306 inclusive Article 2 of Chapter 54 of Title 11, or any other law or amendment to the Constitution of Alabama of 2022 307 308 authorizing the construction of plants or other facilities for



industrial development or for the construction and equipment of buildings for public building authorities under Sections

11-56-1 to 11-56-22, inclusive Chapter 56 of Title 11.

- (7) The purchase of equipment, supplies, or materials needed, used, and consumed in the normal and routine operation of any waterworks system, sanitary sewer system, gas system, or electric system, or any two or more thereof, that are owned by municipalities, counties, or public corporations, boards, or authorities that are agencies, departments, or instrumentalities of municipalities or counties and no part of the operating expenses of which system or systems, during the then current fiscal year, have been paid from revenues derived from taxes or from appropriations of the state, a county, or a municipality.
- (8) Purchases made by local housing authorities, organized and existing under Chapter 1 of Title 24, from monies other than those raised by state, county, or city taxation or received through appropriations from state, county, or city sources.
- (c) The state trade schools, state junior colleges, state colleges, and universities under the supervision and control of the State Board of Education, the district boards of education of independent school districts, the county commissions, and the governing bodies of the municipalities of the state shall establish and maintain such purchasing facilities and procedures as may be necessary to carry out the intent and purpose of this article by complying with the requirements for competitive bidding in the operation and



management of each state trade school, state junior college, state college, or university under the supervision and control of the State Board of Education, the district boards of education of independent school districts, the county commissions, and the governing bodies of the municipalities of the state and the governing boards of instrumentalities of counties and municipalities, including waterworks boards, sewer boards, gas boards, and other like utility boards and commissions.

(d) Contracts entered into in violation of this article shall be void and any person who violates the provisions of this article shall be guilty of a Class C felony."

"\$41-16-52

(a) All expenditures of funds of whatever nature for repair parts and the repair of heavy duty off-highway construction equipment or of any vehicles with a gross vehicle weight rating of 25,000 pounds or greater, including machinery used for grading, drainage, road construction, and compaction for the exclusive use of county and municipal highway, street, and sanitation departments, involving not more than twenty two thousand five hundred dollars (\$22,500) forty thousand dollars (\$40,000) made by or on behalf of any county commissions and the governing bodies of the municipalities of the state, and the governing bodies of instrumentalities, including waterworks boards, sewer boards, gas boards, and other like utility boards and commissions, shall be made, at the option of the governing boards, bodies, instrumentalities, and commissions, without regard to this article. The foregoing





exemption from this article shall apply to each incident of repair as to any repair parts, equipment, vehicles, or machinery. The amount of the exempted expenditure shall not be construed to be an aggregate of all the expenditures per fiscal year as to any individual vehicle or piece of equipment or machinery.

- exercised by the governing boards, bodies, instrumentalities, and commissions by specific reference to this section on any and all purchase orders and purchase commitments executed by the governing boards, bodies, instrumentalities, and commissions; provided, however. However, the option shall not be exercised by any employee, agent, or servant unless done so after having received official prior approval of the respective governing board, body, instrumentality, or commission or unless exercised pursuant to a formal policy adopted by the governing board, body, instrumentality, or commission setting out conditions and restrictions under which the option shall be exercised.
- (c) All expenditures of funds—of whatever nature for the leasing of heavy duty off-highway construction equipment and all vehicles with a gross vehicle weight rating of 25,000 pounds or greater, including machinery for grading, drainage, road construction, and compaction for exclusive use of county and municipal highway, street, and sanitation departments, involving a monthly rental of not more than—five thousand dollars (\$5,000) ten thousand dollars (\$10,000) per month per vehicle or piece of equipment or machinery but not to exceed



393 fifteen thousand dollars (\$15,000) thirty thousand dollars 394 (\$30,000) per month for all such vehicles and pieces of equipment made by or on behalf of any county commissions and 395 396 the governing boards of municipalities of the state and the 397 governing bodies of instrumentalities, including waterworks 398 boards, sewer boards, gas boards, and other like utility 399 boards and commissions shall be made, at the option of the 400 governing boards, bodies, instrumentalities, and commissions, without regard to the provisions of this article." 401 402 "\$41-16-53 403 In case of emergency affecting public health, safety or convenience, so declared in writing by the awarding authority, 404 405 setting forth the nature of the danger to public health, safety or convenience involved in delay, contracts may be let 406 407 to the extent necessary to meet the emergency without public advertisement. Such action and the reasons therefor shall 408 409 immediately be made public by the awarding 410 authority. Notwithstanding any law to the contrary, in the 411 event circumstances arise for which a delay in remedying or 412 otherwise addressing would likely cause harm to an individual 413 or public property, a contract may be let to the extent 414 necessary to mitigate the harm without regard to the 415 requirements of this article, provided the awarding authority 416 does both of the following: 417 (1) Documents two or more price quotations or price 418 estimates before letting the contract. (2) Adopts a resolution declaring the nature of the 419 420 circumstances, the action to be taken, and the reasons for



421 taking the action."

422 "\$41-16-54

- thousand dollars (\$15,000) thirty thousand dollars (\$30,000) shall be advertised by posting notice thereof on a bulletin board maintained outside the purchasing office and in any other manner and for any length of time as may be determined. Sealed bids or bids to be submitted by a reverse auction procedure shall also be solicited by sending notice by mail or other electronic means to all persons, firms, or corporations who have filed a request in writing that they be listed for solicitation on bids for the particular items that are set forth in the request. If any person, firm, or corporation whose name is listed fails to respond to any solicitation for bids after the receipt of three solicitations, the listing may be cancelled.
 - (2) If a governing body mandates that advertisement for bids shall be published in a newspaper, the contract for purchase shall be awarded if the newspaper to which the advertisement was submitted did not publish the advertisement if the governing body can provide proof that it in good faith submitted the advertisement to the newspaper with instructions to publish the notice in accordance with this section.
- (b) Except as provided in subsection (d), all bids shall be sealed when received and shall be opened in public at the hour stated in the notice.
- (c) If the purchase or contract will involve an amount of <u>fifteen thousand dollars (\$15,000)</u> or less than thirty



thousand dollars (\$30,000), the purchases or contracts may be made upon the basis of sealed bids, a joint purchasing agreement, a reverse auction procedure, or in the open market.

- (d) Beginning January 1, 2009, the awarding authority may make purchases or contracts involving an amount of fifteen thousand dollars (\$15,000) thirty thousand dollars (\$30,000) or more through a reverse auction procedure; provided, however, that. However, a reverse auction shall only be allowed where the item to be purchased at a reverse auction is either not at the time available on the state purchasing program under the same terms and conditions or, if available, the lowest price offered in the reverse auction is equal to or less than the price for which the item is available on the state purchasing program under the same terms and conditions. All of the purchases shall be subject to audit by the Examiners of Public Accounts. For purposes of this article, a reverse auction procedure includes either of the following:
- (1) A real-time bidding process usually lasting less than one hour and taking place at a previously scheduled time and Internet location, in which multiple anonymous suppliers submit bids to provide the designated goods or services.
- (2) a. A bidding process usually lasting less than two weeks and taking place during a previously scheduled period and at a previously scheduled Internet location, in which multiple anonymous suppliers submit bids to provide the designated goods or services.
- b. No later than November 30, 2008, the Department of Examiners of Public Accounts shall establish procedures for



the use of reverse auction, which shall be distributed to all contracting agencies and shall be used in conducting any audits of the purchasing agency.

- (e) All original bids together with all documents pertaining to the award of the contract shall be retained in accordance with a retention period of at least seven years established by the Local Government Records Commission and shall be open to public inspection.
- (f) No purchase or contract involving professional services shall be subject to the requirements of this article and no purchase or contract involving an amount in excess of fifteen thousand dollars (\$15,000) shall be divided into parts involving amounts of fifteen thousand dollars (\$15,000) or less for the purpose of avoiding the requirements of this article. All such partial contracts involving fifteen thousand dollars (\$15,000) or less shall be void.
- (g) This section shall be applicable to education purchases made pursuant to Chapter 13B of Title 16."

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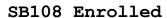
- (a) Any agreement or collusion among bidders or prospective bidders in restraint of freedom of competition, by agreement, to bid at a fixed price or to refrain from bidding or otherwise shall render the bids of such the bidders void and shall cause such the bidders to be disqualified from submitting further bids to the awarding authority on future purchases.
- (b) Whoever knowingly participates in a collusive agreement in violation of this section involving a bid or bids





505 of fifteen thousand dollars (\$15,000) less than thirty 506 thousand dollars (\$30,000) and under shall be guilty of a 507 Class A misdemeanor and, upon conviction, shall be punished as 508 prescribed by law. 509 (c) Whoever knowingly and intentionally participates in a collusive agreement in violation of this section involving a 510 511 bid or bids of over fifteen thousand dollars (\$15,000) thirty 512 thousand dollars (\$30,000) or more shall be guilty of a Class 513 C felony, and upon conviction shall be punished as prescribed by law." 514 515 Section 2. Although this bill would have as its purpose or effect the requirement of a new or increased expenditure of 516 517 local funds, the bill is excluded from further requirements 518 and application under Section 111.05 of the Constitution of 519 Alabama of 2022, because the bill defines a new crime or amends the definition of an existing crime. 520 521 Section 3. This act shall become effective on the first 522 day of the third month following its passage and approval by

the Governor, or its otherwise becoming law.





President and Presiding Officer of the Senate Speaker of the House of Representatives SB108 Senate 06-Apr-23 I hereby certify that the within Act originated in and passed the Senate. Patrick Harris, Secretary. House of Representatives Passed: 27-Apr-23 552 By: Senator Coleman-Madison