

Municipal Purchasing Law of 1983 Summary

Dear Reader:

The following document was created from the MTAS website ([mtas.tennessee.edu](https://www.mtas.tennessee.edu)). This website is maintained daily by MTAS staff and seeks to represent the most current information regarding issues relative to Tennessee municipal government.

We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with municipal government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other MTAS website material.

Sincerely,

The University of Tennessee
Municipal Technical Advisory Service
1610 University Avenue
Knoxville, TN 37921-6741
865-974-0411 phone
865-974-0423 fax
www.mtas.tennessee.edu

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Reference Number: MTAS-148

The Municipal Purchasing Law of 1983 establishes minimum requirements for all cities that do not have very specific charter provisions governing competitive bidding and purchasing.

Municipalities that have charter provisions dealing with competitive bidding and either establishing bid limits in the charter itself or allowing bid limits to be set by ordinance but setting a maximum may continue to operate under the charter provisions, but the municipality must by charter or ordinance establish general bid procedures, including public advertising, securing and opening bids, and any exemptions from competitive bidding. Exemptions must be substantially similar to those in T.C.A. § 6-56-304.

For municipalities with charter provisions that deal with competitive bidding but that set no bidding limits, the municipality may by ordinance set a limit not exceeding \$25,000 over which public advertisement and competitive bidding must precede purchases. These municipalities must also by ordinance set a dollar limit not exceeding 40 percent of this bid limit amount over which the municipality need not advertise but when possible must obtain three competitive bids and below which no advertisement or competitive bidding is required. The ordinance also must establish procedures for public advertising, securing and opening bids, and any exemptions from competitive bidding, which must be substantially similar to those in T.C.A. § 6-56-304.

T.C.A. § 6-56-306(a) allows municipalities with a population of 40,000 to 42,500 and municipalities with a population over 150,000 to set the dollar amount required for public advertisement and competitive bidding up to \$25,000 as long as purchases between \$10,000 and \$25,000, when possible, are based upon at least three competitive bids.

The act requires public advertising and competitive bids for all purchases, leases, and lease-purchases except:

- purchases through state contracts;
- investments in or purchases from the Local Government Investment Pool (LGIP);
- purchases from instrumentalities created by two or more cooperating governments;
- goods and services purchased from non-profit corporations formed to specifically serve municipalities;
- purchases, leases, or lease-purchases of real property;
- purchases, leases, or lease-purchases from other governments;
- when there is only one source of supply or proprietary product;
- emergency purchases (complete documentation and a report to the municipality's governing body and chief executive are required for each emergency purchase);
- leases or lease-purchase agreements requiring payments of less than \$2,500 during a fiscal year;
- purchases of perishable commodities when approved by the governing body and subject to certain documentation and reporting requirements;
- fuel and fuel products, which may be purchased on the open market;
- purchases, leases, or lease purchases of secondhand articles or equipment, etc., from federal, state, or local government units or agencies;
- any contract for purchasing natural or propane gas for resale; and
- purchases under \$2,500, although cities may adopt an ordinance increasing the purchase amount to \$10,000 before advertising and competitive bids are required.

Purchases between \$1,000 and the amount established for advertising and competitive bids may be made without advertising on the open market but "wherever possible" must be based on three competitive bids. This \$1,000 limit may be increased by ordinance to 40 percent of the amount established for purchases requiring advertisement and competitive bidding. Purchases of less than

\$1,000 or the amount set by ordinance do not require advertising or competitive bidding. T.C.A. §§ 6-56-301, *et seq.* [1]

Links:

[1] <https://www.mtas.tennessee.edu/node/1686>

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