AN ACT TO AMEND SECTION 31-7-13, MISSISSIPPI CODE OF 1972, TO REQUIRE THE DEPARTMENT OF FINANCE AND ADMINISTRATION TO SET ASIDE 20% OF THE AMOUNT EXPENDED FOR ANY PUBLIC CONSTRUCTION PROJECT THAT THE DEPARTMENT MANAGES, NOT TO EXCEED $5,000,000.00, TO SMALL CONTRACTORS; TO AWARD SUCH SET-ASIDE CONTRACTS TO THE LOWEST AND BEST SMALL CONTRACTOR BIDDER; TO DEFINE THE TERM "SMALL CONTRACTOR"; AND FOR RELATED PURPOSES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

SECTION 1. Section 31-7-13, Mississippi Code of 1972, is amended as follows:

31-7-13. All agencies and governing authorities shall purchase their commodities and printing; contract for garbage collection or disposal; contract for solid waste collection or disposal; contract for sewage collection or disposal; contract for public construction; and contract for rentals as herein provided.

(a) Bidding procedure for purchases not over $1,500.00. Purchases which do not involve an expenditure of more than One Thousand Five Hundred Dollars ($1,500.00), exclusive of freight or shipping charges, may be made without advertising or otherwise requesting competitive bids. Provided, however, that nothing contained in this paragraph (a) shall be construed to prohibit any agency or governing authority from establishing procedures which require competitive bids on purchases of One Thousand Five Hundred Dollars ($1,500.00) or less.

(b) Bidding procedure for purchases over $1,500.00 but not over $10,000.00. Purchases which involve an expenditure of more than One Thousand Five Hundred Dollars ($1,500.00) but not more than Ten Thousand Dollars ($10,000.00), exclusive of freight
and shipping charges may be made from the lowest and best bidder
without publishing or posting advertisement for bids, provided at
least two (2) competitive written bids have been obtained. Any
governing authority purchasing commodities pursuant to this
paragraph (b) may authorize its purchasing agent, or his designee,
with regard to governing authorities other than counties, or its
purchase clerk, or his designee, with regard to counties, to
accept the lowest and best competitive written bid. Such
authorization shall be made in writing by the governing authority
and shall be maintained on file in the primary office of the
agency and recorded in the official minutes of the governing
authority, as appropriate. The purchasing agent or the purchase
clerk, or their designee, as the case may be, and not the
governing authority, shall be liable for any penalties and/or
damages as may be imposed by law for any act or omission of the
purchasing agent or purchase clerk, or their designee,
constituting a violation of law in accepting any bid without
approval by the governing authority. The term "competitive
written bid" shall mean a bid submitted on a bid form furnished by
the buying agency or governing authority and signed by authorized
personnel representing the vendor, or a bid submitted on a
vendor's letterhead or identifiable bid form and signed by
authorized personnel representing the vendor. Bids may be
submitted by facsimile, electronic mail or other generally
accepted method of information distribution. Bids submitted by
electronic transmission shall not require the signature of the
vendor's representative unless required by agencies or governing
authorities.

(c) Bidding procedure for purchases over $10,000.00.

(i) Publication requirement. Purchases which
involve an expenditure of more than Ten Thousand Dollars
($10,000.00), exclusive of freight and shipping charges may be
made from the lowest and best bidder after advertising for
competitive sealed bids once each week for two (2) consecutive
weeks in a regular newspaper published in the county or
municipality in which such agency or governing authority is
located. The date as published for the bid opening shall not be
less than seven (7) working days after the last published notice;
however, if the purchase involves a construction project in which
the estimated cost is in excess of Fifteen Thousand Dollars
($15,000.00), such bids shall not be opened in less than fifteen
(15) working days after the last notice is published and the
notice for the purchase of such construction shall be published
once each week for two (2) consecutive weeks. The notice of
intention to let contracts or purchase equipment shall state the
time and place at which bids shall be received, list the contracts
to be made or types of equipment or supplies to be purchased, and,
if all plans and/or specifications are not published, refer to the
plans and/or specifications on file. If there is no newspaper
published in the county or municipality, then such notice shall be
given by posting same at the courthouse, or for municipalities at
the city hall, and at two (2) other public places in the county or
municipality, and also by publication once each week for two (2)
consecutive weeks in some newspaper having a general circulation
in the county or municipality in the above provided manner. On
the same date that the notice is submitted to the newspaper for
publication, the agency or governing authority involved shall mail
written notice to, or provide electronic notification to the main
office of the Mississippi Contract Procurement Center that
contains the same information as that in the published notice.

(ii) Bidding process amendment procedure. If all
plans and/or specifications are published in the notification,
then the plans and/or specifications may not be amended. If all
plans and/or specifications are not published in the notification,
then amendments to the plans/specifications, bid opening date, bid
opening time and place may be made, provided that the agency or
governing authority maintains a list of all prospective bidders
who are known to have received a copy of the bid documents and all
such prospective bidders are sent copies of all amendments. This
notification of amendments may be made via mail, facsimile,
electronic mail or other generally accepted method of information
distribution. No addendum to bid specifications may be issued
within forty-eight (48) working hours of the time established for
the receipt of bids unless such addendum also amends the bid
opening to a date not less than five (5) working days after the
date of the addendum.

(iii) **Filing requirement.** In all cases involving
governing authorities, before the notice shall be published or
posted, the plans or specifications for the construction or
equipment being sought shall be filed with the clerk of the board
of the governing authority. In addition to these requirements, a
bid file shall be established which shall indicate those vendors
to whom such solicitations and specifications were issued, and
such file shall also contain such information as is pertinent to
the bid.

(iv) **Specification restrictions.** Specifications
pertinent to such bidding shall be written so as not to exclude
comparable equipment of domestic manufacture. Provided, however,
that should valid justification be presented, the Department of
Finance and Administration or the board of a governing authority
may approve a request for specific equipment necessary to perform
a specific job. Further, such justification, when placed on the
minutes of the board of a governing authority, may serve as
authority for that governing authority to write specifications to
require a specific item of equipment needed to perform a specific
job. In addition to these requirements, from and after July 1, 1990,
vendors of relocatable classrooms and the specifications for
the purchase of such relocatable classrooms published by local
school boards shall meet all pertinent regulations of the State
Board of Education, including prior approval of such bid by the
State Department of Education.

(d) **Lowest and best bid decision procedure.**

(i) **Decision procedure.** Purchases may be made
from the lowest and best bidder. In determining the lowest and
best bid, freight and shipping charges shall be included.
Life-cycle costing, total cost bids, warranties, guaranteed
buy-back provisions and other relevant provisions may be included
in the best bid calculation. All best bid procedures for state
agencies must be in compliance with regulations established by the
Department of Finance and Administration. If any governing
authority accepts a bid other than the lowest bid actually
submitted, it shall place on its minutes detailed calculations and
narrative summary showing that the accepted bid was determined to
be the lowest and best bid, including the dollar amount of the
accepted bid and the dollar amount of the lowest bid. No agency
or governing authority shall accept a bid based on items not
included in the specifications.

(ii) **Construction project negotiations authority.**
If the lowest and best bid is not more than ten percent (10%)
above the amount of funds allocated for a public construction or
renovation project, then the agency or governing authority shall
be permitted to negotiate with the lowest bidder in order to enter
into a contract for an amount not to exceed the funds allocated.

(e) **Lease-purchase authorization.** For the purposes of
this section, the term "equipment" shall mean equipment, furniture
and, if applicable, associated software and other applicable
direct costs associated with the acquisition. Any lease-purchase
of equipment which an agency is not required to lease-purchase
under the master lease-purchase program pursuant to Section
31-7-10 and any lease-purchase of equipment which a governing
authority elects to lease-purchase may be acquired by a
lease-purchase agreement under this paragraph (e). Lease-purchase
financing may also be obtained from the vendor or from a third-party source after having solicited and obtained at least two (2) written competitive bids, as defined in paragraph (b) of this section, for such financing without advertising for such bids. Solicitation for the bids for financing may occur before or after acceptance of bids for the purchase of such equipment or, where no such bids for purchase are required, at any time before the purchase thereof. No such lease-purchase agreement shall be for an annual rate of interest which is greater than the overall maximum interest rate to maturity on general obligation indebtedness permitted under Section 75-17-101, and the term of such lease-purchase agreement shall not exceed the useful life of equipment covered thereby as determined according to the upper limit of the asset depreciation range (ADR) guidelines for the Class Life Asset Depreciation Range System established by the Internal Revenue Service pursuant to the United States Internal Revenue Code and regulations thereunder as in effect on December 31, 1980, or comparable depreciation guidelines with respect to any equipment not covered by ADR guidelines. Any lease-purchase agreement entered into pursuant to this paragraph (e) may contain any of the terms and conditions which a master lease-purchase agreement may contain under the provisions of Section 31-7-10(5), and shall contain an annual allocation dependency clause substantially similar to that set forth in Section 31-7-10(8). Each agency or governing authority entering into a lease-purchase transaction pursuant to this paragraph (e) shall maintain with respect to each such lease-purchase transaction the same information as required to be maintained by the Department of Finance and Administration pursuant to Section 31-7-10(13). However, nothing contained in this section shall be construed to permit agencies to acquire items of equipment with a total acquisition cost in the aggregate of less than Ten Thousand Dollars ($10,000.00) by a single lease-purchase transaction. All
equipment, and the purchase thereof by any lessor, acquired by
lease-purchase under this paragraph and all lease-purchase
payments with respect thereto shall be exempt from all Mississippi
sales, use and ad valorem taxes. Interest paid on any
lease-purchase agreement under this section shall be exempt from
State of Mississippi income taxation.

(f) **Alternate bid authorization.** When necessary to
ensure ready availability of commodities for public works and the
timely completion of public projects, no more than two (2)
alternate bids may be accepted by a governing authority for
commodities. No purchases may be made through use of such
alternate bids procedure unless the lowest and best bidder, for
reasons beyond his control, cannot deliver the commodities
contained in his bid. In that event, purchases of such
commodities may be made from one (1) of the bidders whose bid was
accepted as an alternate.

(g) **Construction contract change authorization.** In the
event a determination is made by an agency or governing authority
after a construction contract is let that changes or modifications
to the original contract are necessary or would better serve the
purpose of the agency or the governing authority, such agency or
governing authority may, in its discretion, order such changes
pertaining to the construction that are necessary under the
circumstances without the necessity of further public bids;
provided that such change shall be made in a commercially
reasonable manner and shall not be made to circumvent the public
purchasing statutes. In addition to any other authorized person,
the architect or engineer hired by an agency or governing
authority with respect to any public construction contract shall
have the authority, when granted by an agency or governing
authority, to authorize changes or modifications to the original
contract without the necessity of prior approval of the agency or
governing authority when any such change or modification is less
than one percent (1%) of the total contract amount. The agency or
governing authority may limit the number, manner or frequency of
such emergency changes or modifications.

(h) Petroleum purchase alternative. In addition to
other methods of purchasing authorized in this chapter, when any
agency or governing authority shall have a need for gas, diesel
fuel, oils and/or other petroleum products in excess of the amount
set forth in paragraph (a) of this section, such agency or
governing authority may purchase the commodity after having
sold and obtained at least two (2) competitive written bids,
as defined in paragraph (b) of this section. If two (2)
competitive written bids are not obtained the entity shall comply
with the procedures set forth in paragraph (c) of this section.
In the event any agency or governing authority shall have
advertised for bids for the purchase of gas, diesel fuel, oils and
other petroleum products and coal and no acceptable bids can be
obtained, such agency or governing authority is authorized and
directed to enter into any negotiations necessary to secure the
lowest and best contract available for the purchase of such
commodities.

(i) Road construction petroleum products price
adjustment clause authorization. Any agency or governing
authority authorized to enter into contracts for the construction,
maintenance, surfacing or repair of highways, roads or streets,
may include in its bid proposal and contract documents a price
adjustment clause with relation to the cost to the contractor,
including taxes, based upon an industry-wide cost index, of
petroleum products including asphalt used in the performance or
execution of the contract or in the production or manufacture of
materials for use in such performance. Such industry-wide index
shall be established and published monthly by the Mississippi
Department of Transportation with a copy thereof to be mailed,
upon request, to the clerks of the governing authority of each
municipality and the clerks of each board of supervisors throughout the state. The price adjustment clause shall be based on the cost of such petroleum products only and shall not include any additional profit or overhead as part of the adjustment. The bid proposals or document contract shall contain the basis and methods of adjusting unit prices for the change in the cost of such petroleum products.

(j) **State agency emergency purchase procedure.** If the executive head of any agency of the state shall determine that an emergency exists in regard to the purchase of any commodities or repair contracts, so that the delay incident to giving opportunity for competitive bidding would be detrimental to the interests of the state, then the provisions herein for competitive bidding shall not apply and the head of such agency shall be authorized to make the purchase or repair. Total purchases so made shall only be for the purpose of meeting needs created by the emergency situation. In the event such executive head is responsible to an agency board, at the meeting next following the emergency purchase, documentation of the purchase, including a description of the commodity purchased, the purchase price thereof and the nature of the emergency shall be presented to the board and placed on the minutes of the board of such agency. The head of such agency shall, at the earliest possible date following such emergency purchase, file with the Department of Finance and Administration (i) a statement under oath certifying the conditions and circumstances of the emergency, and (ii) a certified copy of the appropriate minutes of the board of such agency, if applicable.

(k) **Governing authority emergency purchase procedure.** If the governing authority, or the governing authority acting through its designee, shall determine that an emergency exists in regard to the purchase of any commodities or repair contracts, so that the delay incident to giving opportunity for competitive...
bidding would be detrimental to the interest of the governing authority, then the provisions herein for competitive bidding shall not apply and any officer or agent of such governing authority having general or special authority therefor in making such purchase or repair shall approve the bill presented therefor, and he shall certify in writing thereon from whom such purchase was made, or with whom such a repair contract was made. At the board meeting next following the emergency purchase or repair contract, documentation of the purchase or repair contract, including a description of the commodity purchased, the price thereof and the nature of the emergency shall be presented to the board and shall be placed on the minutes of the board of such governing authority.

(l) **Hospital purchase or lease authorization.** The commissioners or board of trustees of any hospital owned or owned and operated separately or jointly by one or more counties, cities, towns, supervisors districts or election districts, or combinations thereof, may contract with such lowest and best bidder for the purchase or lease of any commodity under a contract of purchase or lease-purchase agreement whose obligatory terms do not exceed five (5) years. In addition to the authority granted herein, the commissioners or board of trustees are authorized to enter into contracts for the lease of equipment or services, or both, which it considers necessary for the proper care of patients if, in its opinion, it is not financially feasible to purchase the necessary equipment or services. Any such contract for the lease of equipment or services executed by the commissioners or board shall not exceed a maximum of five (5) years' duration and shall include a cancellation clause based on unavailability of funds. If such cancellation clause is exercised, there shall be no further liability on the part of the lessee.

(m) **Exceptions from bidding requirements.** Excepted from bid requirements are:
(i) **Purchasing agreements approved by department.** Purchasing agreements, contracts and maximum price regulations executed or approved by the Department of Finance and Administration.

(ii) **Outside equipment repairs.** Repairs to equipment, when such repairs are made by repair facilities in the private sector; however, engines, transmissions, rear axles and/or other such components shall not be included in this exemption when replaced as a complete unit instead of being repaired and the need for such total component replacement is known before disassembly of the component; provided, however, that invoices identifying the equipment, specific repairs made, parts identified by number and name, supplies used in such repairs, and the number of hours of labor and costs therefor shall be required for the payment for such repairs.

(iii) **In-house equipment repairs.** Purchases of parts for repairs to equipment, when such repairs are made by personnel of the agency or governing authority; however, entire assemblies, such as engines or transmissions, shall not be included in this exemption when the entire assembly is being replaced instead of being repaired.

(iv) **Raw gravel or dirt.** Raw unprocessed deposits of gravel or fill dirt which are to be removed and transported by the purchaser.

(v) **Governmental equipment auctions.** Motor vehicles or other equipment purchased from a federal or state agency or a governing authority at a public auction held for the purpose of disposing of such vehicles or other equipment. Any purchase by a governing authority under the exemption authorized by this subparagraph (v) shall require advance authorization spread upon the minutes of the governing authority to include the listing of the item or items authorized to be purchased and the maximum bid authorized to be paid for each item or items.
(vi) **Intergovernmental sales and transfers.**

Purchases, sales, transfers or trades by governing authorities or state agencies when such purchases, sales, transfers or trades are made by a private treaty agreement or through means of negotiation, from any federal agency or authority, another governing authority or state agency of the State of Mississippi, or any state agency of another state. Nothing in this section shall permit such purchases through public auction except as provided for in subparagraph (v) of this section. It is the intent of this section to allow governmental entities to dispose of and/or purchase commodities from other governmental entities at a price that is agreed to by both parties. This shall allow for purchases and/or sales at prices which may be determined to be below the market value if the selling entity determines that the sale at below market value is in the best interest of the taxpayers of the state. Governing authorities shall place the terms of the agreement and any justification on the minutes, and state agencies shall obtain approval from the Department of Finance and Administration, prior to releasing or taking possession of the commodities.

(vii) **Perishable supplies or food.** Perishable supplies or foods purchased for use in connection with hospitals, the school lunch programs, homemaking programs and for the feeding of county or municipal prisoners.

(viii) **Single source items.** Noncompetitive items available from one (1) source only. In connection with the purchase of noncompetitive items only available from one (1) source, a certification of the conditions and circumstances requiring the purchase shall be filed by the agency with the Department of Finance and Administration and by the governing authority with the board of the governing authority. Upon receipt of that certification the Department of Finance and Administration or the board of the governing authority, as the case may be, may,
in writing, authorize the purchase, which authority shall be noted
on the minutes of the body at the next regular meeting thereafter.
In those situations, a governing authority is not required to
obtain the approval of the Department of Finance and
Administration.

(ix) **Waste disposal facility construction**

contracts. Construction of incinerators and other facilities for
disposal of solid wastes in which products either generated
therein, such as steam, or recovered therefrom, such as materials
for recycling, are to be sold or otherwise disposed of; provided,
however, in constructing such facilities a governing authority or
agency shall publicly issue requests for proposals, advertised for
in the same manner as provided herein for seeking bids for public
construction projects, concerning the design, construction,
ownership, operation and/or maintenance of such facilities,
wherein such requests for proposals when issued shall contain
terms and conditions relating to price, financial responsibility,
technology, environmental compatibility, legal responsibilities
and such other matters as are determined by the governing
authority or agency to be appropriate for inclusion; and after
responses to the request for proposals have been duly received,
the governing authority or agency may select the most qualified
proposal or proposals on the basis of price, technology and other
relevant factors and from such proposals, but not limited to the
terms thereof, negotiate and enter contracts with one or more of
the persons or firms submitting proposals.

(x) **Hospital group purchase contracts.** Supplies,
commodities and equipment purchased by hospitals through group
purchase programs pursuant to Section 31-7-38.

(xi) **Information technology products.** Purchases
of information technology products made by governing authorities
under the provisions of purchase schedules, or contracts executed
or approved by the Mississippi Department of Information
Technology Services and designated for use by governing authorities.

(xii) Energy efficiency services and equipment. Energy efficiency services and equipment acquired by school districts, community and junior colleges, institutions of higher learning and state agencies or other applicable governmental entities on a shared-savings, lease or lease-purchase basis pursuant to Section 31-7-14.

(xiii) Municipal electrical utility system fuel. Purchases of coal and/or natural gas by municipally-owned electric power generating systems that have the capacity to use both coal and natural gas for the generation of electric power.

(xiv) Library books and other reference materials. Purchases by libraries or for libraries of books and periodicals; processed film, video cassette tapes, filmstrips and slides; recorded audio tapes, cassettes and diskettes; and any such items as would be used for teaching, research or other information distribution; however, equipment such as projectors, recorders, audio or video equipment, and monitor televisions are not exempt under this subparagraph.

(xv) Unmarked vehicles. Purchases of unmarked vehicles when such purchases are made in accordance with purchasing regulations adopted by the Department of Finance and Administration pursuant to Section 31-7-9(2).

(xvi) Election ballots. Purchases of ballots printed pursuant to Section 23-15-351.

(xvii) Multichannel interactive video systems. From and after July 1, 1990, contracts by Mississippi Authority for Educational Television with any private educational institution or private nonprofit organization whose purposes are educational in regard to the construction, purchase, lease or lease-purchase of facilities and equipment and the employment of
personnel for providing multichannel interactive video systems (ITSF) in the school districts of this state.

(xviii) **Purchases of prison industry products.**

From and after January 1, 1991, purchases made by state agencies or governing authorities involving any item that is manufactured, processed, grown or produced from the state's prison industries.

(xix) **Undercover operations equipment.** Purchases of surveillance equipment or any other high-tech equipment to be used by law enforcement agents in undercover operations, provided that any such purchase shall be in compliance with regulations established by the Department of Finance and Administration.

(xx) **Junior college books for rent.** Purchases by community or junior colleges of textbooks which are obtained for the purpose of renting such books to students as part of a book service system.

(xxi) **Certain school district purchases.**

Purchases of commodities made by school districts from vendors with which any levying authority of the school district, as defined in Section 37-57-1, has contracted through competitive bidding procedures for purchases of the same commodities.

(xxii) **Garbage, solid waste and sewage contracts.**

Contracts for garbage collection or disposal, contracts for solid waste collection or disposal and contracts for sewage collection or disposal.

(xxiii) **Municipal water tank maintenance contracts.** Professional maintenance program contracts for the repair or maintenance of municipal water tanks, which provide professional services needed to maintain municipal water storage tanks for a fixed annual fee for a duration of two (2) or more years.

(xxiv) **Purchases of Mississippi Industries for the Blind products.** Purchases made by state agencies or governing
authorities involving any item that is manufactured, processed or produced by the Mississippi Industries for the Blind.

(xxv) **Purchases of state-adopted textbooks.**

Purchases of state-adopted textbooks by public school districts.

(xxvi) **Certain purchases under the Mississippi Major Economic Impact Act.** Contracts entered into pursuant to the provisions of Section 57-75-9(2) and (3).

(n) **Term contract authorization.** All contracts for the purchase of:

(i) All contracts for the purchase of commodities, equipment and public construction (including, but not limited to, repair and maintenance), may be let for periods of not more than sixty (60) months in advance, subject to applicable statutory provisions prohibiting the letting of contracts during specified periods near the end of terms of office. Term contracts for a period exceeding twenty-four (24) months shall also be subject to ratification or cancellation by governing authority boards taking office subsequent to the governing authority board entering the contract.

(ii) Bid proposals and contracts may include price adjustment clauses with relation to the cost to the contractor based upon a nationally published industry-wide or nationally published and recognized cost index. The cost index used in a price adjustment clause shall be determined by the Department of Finance and Administration for the state agencies and by the governing board for governing authorities. The bid proposal and contract documents utilizing a price adjustment clause shall contain the basis and method of adjusting unit prices for the change in the cost of such commodities, equipment and public construction.

(o) **Purchase law violation prohibition and vendor penalty.** No contract or purchase as herein authorized shall be made for the purpose of circumventing the provisions of this...
section requiring competitive bids, nor shall it be lawful for any
person or concern to submit individual invoices for amounts within
those authorized for a contract or purchase where the actual value
of the contract or commodity purchased exceeds the authorized
amount and the invoices therefor are split so as to appear to be
authorized as purchases for which competitive bids are not
required. Submission of such invoices shall constitute a
misdemeanor punishable by a fine of not less than Five Hundred
Dollars ($500.00) nor more than One Thousand Dollars ($1,000.00),
or by imprisonment for thirty (30) days in the county jail, or
both such fine and imprisonment. In addition, the claim or claims
submitted shall be forfeited.

(p) **Electrical utility petroleum-based equipment**

**purchase procedure.** When in response to a proper advertisement
therefor, no bid firm as to price is submitted to an electric
utility for power transformers, distribution transformers, power
breakers, reclosers or other articles containing a petroleum
product, the electric utility may accept the lowest and best bid
therefor although the price is not firm.

(q) **Fuel management system bidding procedure.** Any
governing authority or agency of the state shall, before
contracting for the services and products of a fuel management or
fuel access system, enter into negotiations with not fewer than
two (2) sellers of fuel management or fuel access systems for
competitive written bids to provide the services and products for
the systems. In the event that the governing authority or agency
cannot locate two (2) sellers of such systems or cannot obtain
bids from two (2) sellers of such systems, it shall show proof
that it made a diligent, good-faith effort to locate and negotiate
with two (2) sellers of such systems. Such proof shall include,
but not be limited to, publications of a request for proposals and
letters soliciting negotiations and bids. For purposes of this
paragraph (q), a fuel management or fuel access system is an
automated system of acquiring fuel for vehicles as well as management reports detailing fuel use by vehicles and drivers, and the term "competitive written bid" shall have the meaning as defined in paragraph (b) of this section. Governing authorities and agencies shall be exempt from this process when contracting for the services and products of a fuel management or fuel access systems under the terms of a state contract established by the Office of Purchasing and Travel.

(r) **Solid waste contract proposal procedure.** Before entering into any contract for garbage collection or disposal, contract for solid waste collection or disposal or contract for sewage collection or disposal, which involves an expenditure of more than Fifty Thousand Dollars ($50,000.00), a governing authority or agency shall issue publicly a request for proposals concerning the specifications for such services which shall be advertised for in the same manner as provided in this section for seeking bids for purchases which involve an expenditure of more than Ten Thousand Dollars ($10,000.00). Any request for proposals when issued shall contain terms and conditions relating to price, financial responsibility, technology, legal responsibilities and other relevant factors as are determined by the governing authority or agency to be appropriate for inclusion; all factors determined relevant by the governing authority or agency or required by this paragraph (r) shall be duly included in the advertisement to elicit proposals. After responses to the request for proposals have been duly received, the governing authority or agency shall select the most qualified proposal or proposals on the basis of price, technology and other relevant factors and from such proposals, but not limited to the terms thereof, negotiate and enter contracts with one or more of the persons or firms submitting proposals. If the governing authority or agency deems none of the proposals to be qualified or otherwise acceptable, the request for proposals process may be reinitiated. Notwithstanding...
any other provisions of this paragraph, where a county with at least thirty-five thousand (35,000) nor more than forty thousand (40,000) population, according to the 1990 federal decennial census, owns or operates a solid waste landfill, the governing authorities of any other county or municipality may contract with the governing authorities of the county owning or operating the landfill, pursuant to a resolution duly adopted and spread upon the minutes of each governing authority involved, for garbage or solid waste collection or disposal services through contract negotiations.

(s) Minority set aside authorization. Notwithstanding any provision of this section to the contrary, any agency or governing authority, by order placed on its minutes, may, in its discretion, set aside not more than twenty percent (20%) of its anticipated annual expenditures for the purchase of commodities from minority businesses; however, all such set-aside purchases shall comply with all purchasing regulations promulgated by the Department of Finance and Administration and shall be subject to bid requirements under this section. Set-aside purchases for which competitive bids are required shall be made from the lowest and best minority business bidder. For the purposes of this paragraph, the term "minority business" means a business which is owned by a majority of persons who are United States citizens or permanent resident aliens (as defined by the Immigration and Naturalization Service) of the United States, and who are Asian, Black, Hispanic or Native American, according to the following definitions:

(i) "Asian" means persons having origins in any of the original people of the Far East, Southeast Asia, the Indian subcontinent, or the Pacific Islands.

(ii) "Black" means persons having origins in any black racial group of Africa.
(iii) "Hispanic" means persons of Spanish or Portuguese culture with origins in Mexico, South or Central America, or the Caribbean Islands, regardless of race.

(iv) "Native American" means persons having origins in any of the original people of North America, including American Indians, Eskimos and Aleuts.

(t) **Construction punch list restriction.** The architect, engineer or other representative designated by the agency or governing authority that is contracting for public construction or renovation may prepare and submit to the contractor only one (1) preliminary punch list of items that do not meet the contract requirements at the time of substantial completion and one (1) final list immediately before final completion and final payment.

(u) **Purchase authorization clarification.** Nothing in this section shall be construed as authorizing any purchase not authorized by law.

(v) **Small contractor set aside requirement.** Notwithstanding any provision of this section to the contrary, the Department of Finance and Administration shall set aside twenty percent (20%) of the amount expended for any public construction project that such department manages, not to exceed Five Million Dollars ($5,000,000.00), for small contractors. The set-aside portion of such contract shall comply with regulations promulgated by the Department of Finance and Administration and shall be subject to bid requirements under this section. Set-aside contracts for which competitive bids are required shall be made from the lowest and best small contractor bidder. For purposes of this paragraph, the term "small contractor" means a contractor whose bonding capacity, as determined by the Department of Finance and Administration, does not exceed Five Million Dollars ($5,000,000.00).
SECTION 2. This act shall take effect and be in force from and after July 1, 2001.