

**EXECUTIVE ORDER #50
and
RECIPROCAL PREFERENCE**

**BRIEF REPORT TO
ECONOMIC RECOVERY COMMITTEE**

**DIVISION OF PURCHASE & CONTRACT
DEPT OF ADMINISTRATION**

EXEC ORDER #50:

SIGNED FEBRUARY 17
IMPLEMENTED MARCH 1

APPLIES TO

GOVERNOR'S OFFICE
CABINET AGENCIES
UNIVERSITIES
COMMUNITY COLLEGES
P&C

GOODS ONLY, NOT SERVICES

EXEC ORDER #50:

PROVIDES PRICE-MATCHING PREFERENCE FOR
QUALIFIED NC RESIDENT BIDDERS WHO ARE WITHIN

5%

OR

\$10,000

WHICHEVER IS LESS, OF THE BID PRICE OF THE
LOWEST QUALIFIED OUT-OF-STATE BIDDER.

G.S. 143-59:

DEFINES NC RESIDENT BIDDER AS ENTITY WHO

1. HAS PAID **NC UNEMPLOYMENT TAX**, OR
2. HAS PAID **NC INCOME TAX**, AND
3. WHOSE PRINCIPAL PLACE OF BUSINESS
IS **LOCATED IN NC**.

CASE 1: NC RESIDENT BIDDER IS LOW.

BIDDER	A	B	C	D
BID PRICE	50,000	51,000	52,000	61,000
NC per 143-59?	yes	yes	yes	yes
Request preference?	yes	yes	yes	yes

RESULT: NO CONSIDERATION OF PRICE-MATCHING PREFERENCE.

**CASE 2: OUT-OF-STATE LOW
BIDDER, AND NO NC BIDDERS
ARE WITHIN 5% OR \$10,000.**

BIDDER	A	B	C	D
BID PRICE	50,000	61,000	62,000	71,000
NC per 143-59?	NO	yes	yes	yes
Request preference?	- - -	yes	yes	yes

PREFERENCE CALCULATIONS:

$$\$50,000 \times 1.05 = \$52,500$$

$$\$50,000 + \$10,000 = \$60,000$$

$$\text{LESSER VALUE} = \$52,500$$

**RESULT: NONE OF NC RESIDENT BIDDERS QUALIFY
FOR THE PRICE-MATCHING PREFERENCE.**

**CASE 3: OUT-OF-STATE LOW
BIDDER, AND NC BIDDERS
ARE WITHIN 5% OR \$10,000.**

BIDDER	A	B	C	D
BID PRICE	50,000	51,000	52,000	61,000
NC per 143-59?	NO	yes	yes	yes
Request preference?	- - -	yes	yes	yes

PREFERENCE CALCULATIONS:

$$\$50,000 \times 1.05 = \$52,500$$

$$\$50,000 + \$10,000 = \$60,000$$

$$\text{LESSER VALUE} = \$52,500$$

RESULT: TWO OF NC RESIDENT BIDDERS QUALIFY FOR THE PRICE-MATCHING PREFERENCE. OFFER SEQUENTIALLY IN ORDER OF BID RANKING.

RECIPROCAL PREFERENCE (G.S. 143-59)

\$25,000 BID AMOUNT THRESHOLD

FOR BID RANKING, ADD **PERCENT** TO NON-RESIDENT BID EQUAL TO THE **PERCENT** THE BIDDER'S STATE ADDS TO BIDDERS WHO DO NOT RESIDE IN THAT STATE.

FOR CONTRACT AWARD, SUCH ADDED AMOUNT IS NOT ADDED TO AMOUNT DUE BIDDER.

SEC OF ADMINISTRATION, WITH BOARD OF AWARD, MAY WAIVE RECIPROCAL PREFERENCE.

PREFERENCE OF SEVERAL SURROUNDING STATES

VIRGINIA: 4% VA COAL

SOUTH CAROLINA: 7% EXCEPT FOR
CONSTRUCTION, RPFs,
LESS THAN \$10,000 and
MORE THAN \$30,000

7% FOR SC MANUFACTURE

TENNESSEE: NONE

GEORGIA: NONE

RECIPROCITY EXAMPLE #1

SC BIDDER: \$26,000

NC BIDDER: \$27,000

$$1.07 \times \$26,000 = \$27,820$$

RESULT: AWARD TO NC BIDDER AT \$27,000

RECIPROCITY EXAMPLE #2

SC BIDDER: \$26,000

NC BIDDER: \$28,000

$$1.07 \times \$26,000 = \$27,820$$

RESULT: AWARD TO SC BIDDER AT \$26,000