

## **July 22, 2015**

In an effort to boost local businesses and economic activity and increase municipal tax revenues, the City of Fort Smith Board of Directors approved [Ordinance 50-15](#) which gives up to a 5% preference to local bidders who meet certain requirements.

The new ordinance, effective immediately, is the result of [Act 1059](#) approved by the Arkansas Legislature during its most recent regular session, through support from the Arkansas Municipal League that permits municipal governments to create local purchasing preferences when competitive bidding is used.

The vendor preference or, more commonly known as a percentage preference (i.e., if a bid from a local business is within a 5 percent of the lowest non-local bid, then the contract goes to the local business) is intended to boost local businesses and economic activity and increase municipal tax revenues.

- Local businesses are defined in length in the ordinance, to include the following:  
The vendor must maintain at least one staffed place of business located within the corporate limits of the city
- The business must have paid real or personal property taxes to the county (benefiting the city) for two successive years
- The business must have a valid business registration / license with the city

Some exceptions to the preference are also outlined in the ordinance, including federally funded contracts, where the awards are not eligible for such treatment. Additionally, the maximum monetary amount that a bidder may benefit from a local preference will be \$100,000.

Businesses interested in learning more about the new rules may contact the [Purchasing Department](#) for more information.