

NC Preference -- FAQs

Effective March 1, 2010, state contracts for goods are subject to NC Preference, Gov. Bev Perdue's new initiative to help protect and grow North Carolina jobs. [Executive Order No. 50](#) directed the Division of Purchase and Contract to develop a price-matching system that provides qualified North Carolina companies whose bids are within 5 percent or \$10,000 of the lowest bid, whichever is less, an opportunity to price-match the lowest qualified bid and secure the contract.

The following FAQ is offered to assist you in learning more about NC Preference and how it can benefit North Carolina vendors.

1. Q: Does NC Preference apply to all state contracts?

A: No. NC Preference applies only to goods, since such bids are objective and easy to measure. NC Preference does not cover construction bids, contracts for services, computers and software. However, the state is looking at other ways to consider preferences for North Carolina vendors.

2. Q: How will you determine whether a firm is resident in North Carolina and eligible to benefit from NC Preference?

A: North Carolina law defines a resident firm as one that pays taxes in North Carolina and has its principal place of business located here. Businesses that operate here but have their central operations located out of state are not eligible. The goal is to keep North Carolina dollars in North Carolina.

3. Q: How can I verify the registered principal office address for my business to determine if I qualify for NC preference consideration?

A: Information is available by clicking on the [Corporation Search function](#) of the N.C. Department of the Secretary of State web site.

4. Q: How will NC Preference protect and grow North Carolina jobs?

A: This order is about the state investing in its own people and businesses. By making North Carolina-based companies more competitive for state contracts, we create an environment in which they have a better opportunity to succeed, stay in business, and potentially expand.

5. Q: Will North Carolina companies be allowed to substitute products of a lesser quality to meet the low bid of another company?

A: No. N.C. General Statute 143.59 allows the Secretary of Administration and appropriate state agencies to give preference as far as may be practicable to North

Carolina products *so long as price and quality are not compromised*. In other words, the second-highest bidder still must comply with all terms of the contract in order to earn it.

6. Q: Does this preference mean that a North Carolina bidder can be added to an existing statewide contract?

A: No. Executive Order 50 became effective March 1, 2010, and does not apply retroactively.

7. Q: How can bidders submit questions regarding the preference procedures?

A: Per the current process which has been in place for some time, bidder can email the P&C purchaser who has released the bid solicitation. Questions regarding the preference procedure will be addressed and if necessary in a bid addendum.

8. Q: If a North Carolina firm was awarded the contract and could not comply, would the award then go to the out of state low bid or would it be rebid?

A: Executive Order 50 does not change that part of the process. Action taken by the State in response to any contractor who could not comply with the contract, whether a North Carolina bidder or not, would be in accordance with existing policy and procedures.

9. Q: How will the bid process change?

A: The revised bid process will require bidders who want to be considered under the Executive Order to complete a short form included with the bid solicitation. Then, if that bidder meets the requirements of the Order, and in response to a question in the bid has indicated that he wishes to be considered per the Order, bidder will then be provided with an opportunity (“right of first refusal”) to offer the “price-matched” bid price.

10. Q: Will second-highest bidders automatically be notified if they are in range for NC Preference’s price match option?

A: If several North Carolina bidders qualify under the Order, an opportunity would be provided individually to qualified bidders in the same order as the bid ranking. A bidder does not have to pursue this process themselves, once they have submitted the bid, other than to indicate acceptance or refusal of an offer from the State to accept the contract award at the “price-matched” bid price.

11. Q: Will new forms or documents be required?

A: The form now required for bid submittal under the Order is still the Invitation For Bids (IFB) previously used. However, the IFB contains two new questions addressing the Order, a new section for bidder’s certification of North Carolina residency, and a detailed explanation of the bidding process as modified under Executive Order 50.

12. Q: The IFB now requires notarization on the newly included form for “Resident Bidder’s Certification for Price Matching Preference Under Executive Order 50.” Is this notarization intended to apply to the entire bid?

A: No. It applies only to the form, not to the entire bid.

13. Q: Are there any commodities exempt from Executive Order 50?

A: Yes, the Secretary of the Department of Administration has exercised his discretion to exempt from the application of Executive Order 50 the procurements of aggregates, plant-mix asphalt (bituminous concrete) and plant-mix wet concrete.