

HOUSE RESEARCH

Bill Summary

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Overview

This bill broadens the eligibility for the small business procurement program that provides a competitive advantage of up to six percent for certain Minnesota small businesses when bidding for State of Minnesota contracts for goods and services.

One of the currently designated categories of eligible businesses consists of small businesses that are majority owned by honorably-discharged veterans who either:

- (1) have served in active military service at any time since September 11, 2001; or
- (2) have been certified by the U.S. Department of Veterans Affairs as having a service-connected disability.

The bill would extend eligibility to any certified veteran-owned small business, irrespective of when the veteran-owner(s) served in active military service, and irrespective of whether the veteran-owner(s) are able-bodied or have service-connected disabilities.

Certification of eligibility for this state program would continue being piggybacked onto the federal Small Business Administration's verification process for veteran-owned small businesses.

Section

- 1** **Veteran-owned small businesses.** Strikes language that limits the current program to small-businesses that are majority owned by honorably-discharged veterans who either: (1) have served in active military service since September 11, 2001; or (2) have a service-connected disability, as determined by the U.S. Department of Veterans Affairs.

The effect is to broaden eligibility to include all small businesses that are majority-owned by honorably-discharged veterans, irrespective of when they had served in the military, and irrespective of whether or not they have a service-connected disability.

- 2** **Certification required - conforming.** The language changes in this section of the bill conform to the eligibility changes in section 1 of the bill.

The program currently requires that, for a small business to be eligible for a bid-preference in state contracting, it must be certified by the commissioner of administration as meeting the program criteria.

For veteran-owned small businesses, current law piggybacks such certification onto the federal Small Business Administration program in which veteran-owned businesses bidding on certain federal procurement contracts must first be “*verified*” by the federal Small Business Administration and qualified as either a *veteran-owned small business (VOSB)* or a *service-disabled veteran-owned small business (SDVOSB)*.

Minnesota law currently decrees that a Minnesota small business that has been *verified* by the federal Small Business Administration as a VOSB or a SDVOSB, based on a detailed application review process, is thereby *certified* by the state commissioner of administration as a qualifying *veteran-owned small business* for purposes of this Minnesota program (thereby saving duplication of effort and cost by the state).

- 3 **Effective date.** Sections 1 and 2 are effective July 1, 2010, for state contracts being awarded on or after that date.