

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 557

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Subject: Veterans; preference provided to veteran-owned small businesses, including those owned by service-disabled veterans, in the procurement of State contracts

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Overview

Under current law, the commissioner of administration must ensure that Minnesota based small businesses receive at least 25% of the value of anticipated total state procurement of goods and services in each year, by dividing such procurements into economically feasible production runs suitable for small businesses. Every state agency must do likewise. This bill directs the commissioner of administration to provide veteran-owned small businesses with up to a six percent preference in the amount bid for those state and certain metropolitan agency contracts. (With a three percent preference, for example, a veteran owned small business could win a contract by bidding up to three percent higher than a non-preferred small business.)

The commissioner *is not required* by the bill to designate such businesses as *targeted group businesses* for this purpose. Instead, the bill's singling out of veteran-owned small businesses for this preference is akin to the current law's provision of the same preference for small businesses located in economically disadvantaged areas.

According to the federal Small Business Administration, there are approximately 400 veteran owned small businesses in Minnesota, including about 140 that are majority owned by service-disabled veterans.

Section

- 1 (a) Veteran-owned businesses; preference provided.** This section proposed coding in new law to provide veteran-owned small businesses, including those owned by service-disabled veterans, with up to a six percent preference in the amount bid on state contracts for certain goods and services being procured by state agencies. While the amount of preference awarded may range up to six percent, the bill states that it may not be less than the amount of preference provided to any other group under this statute.

(b) **Purpose statement.**

(c) **Definitions.**

Effective date. Effective for contracts let on or after July 1, 2009.

- 2 **Certification.** The new language in this section of the bill piggybacks required state certification of veteran owned small businesses onto the new federal Small Business Administration process for verifying such businesses, thereby avoiding duplication of efforts and unneeded state expenditures.

Effective date. Effective for contracts let on or after July 1, 2009.