

HOUSE RESEARCH

Bill Summary

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Subject: Responsible Contractor for Public Construction Contracts

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Overview

Establishes minimum criteria that a contractor must meet to be awarded a construction contract over \$50,000 by a public entity.

Section

1 Responsible Contractor Requirement Defined.

Subd. 1. Definitions. Defines terms used in this section. Under the definitions, this section would apply to construction contracts, including highway contracts, entered into by the state, MnSCU, the University of Minnesota, the Metropolitan Council, the Metropolitan Airports Commission, counties, towns, cities, school districts, and other political subdivisions.

Subd. 2. Responsible contractor required. Provides that a contractor or vendor must meet minimum criteria in subdivision 3 to be eligible to be awarded a construction contract over \$50,000 if the contract is awarded pursuant to a lowest responsible bidder or best value selection method.

Subd. 3. Minimum criteria. Requires a contractor to certify that it meets the following criteria when the contractor responds to a solicitation document:

(1) compliance with workers compensation and unemployment compensation requirements, registration with Department of Revenue and DEED, and has a valid federal tax identification number (or Social Security number, if an individual);

(2) compliance with 177.24 (minimum wages); 177.25 (overtime); 177.41 to .44 (prevailing wages); 181.13 and .14 (timely payment of wages to employees); 181.722

Section

(misrepresentation of employment relationship); 29 U.S.C. 201 to 219 (Fair Labor Standards Act); 40 U.S.C. 3141 to 3148 (federal prevailing wage); and a certification of no violations (as defined in this clause) in the prior three years;

(3) compliance with (and no violations in past three years) municipal requirements for payments of wages for construction work performed for that municipality;

(4) compliance with (and no violations in past three years) of 181.723 (independent contractors); and chapter 326B (construction codes and licensing);

(5) no current tax liens or tax delinquencies;

(6) not operated under false names or fronts as a small business, socially or economically disadvantaged business, or disadvantaged business enterprise;

(7) not currently debarred by the federal government, the state, or a municipality;

(8) subcontractors or vendors the contractor intends to use have verified that they meet criteria in clauses (1) to (7).

Subd. 4. Verification of compliance. Requires a contractor to submit a signed statement under oath by an owner or officer verifying compliance with subdivision 3 criteria. Specifies consequences for noncompliance and false statements.

Subd. 5. Subcontractor verifications. Requires verification under subdivision 4 to include a list of subcontractors and vendors to be used on the project.

Subd. 6. Additional criteria. Provides that a contracting authority may establish additional criteria.

Subd. 7. Implementation. Requires the requirements specified in this act to be included in solicitation documents for covered construction projects. Requires solicitation documents to state the consequences of submitting false statements.

Subd. 8. Severability. Provides that the provisions of this section are severable.

This section is effective January 1, 2015 and applies to contracts entered into on and after that date.