

HOUSE RESEARCH

Bill Summary

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Overview

This bill makes changes to state contracting preferences for businesses owned by women, people from certain minority groups, people with a substantial physical disability, or veterans, and businesses located in economically disadvantaged areas.

Section

- 1 Expenditures under specified amounts.** Contains a conforming change to implement sections 2, 3, and 4 of this bill.
- 2 Purchasing methods.** Permits the Commissioner of Administration to award a contract under \$25,000 to a small business or small targeted group business for goods, services, or construction, without competitive bidding.
- 3 Veteran-owned small businesses.** Permits the Commissioner of Administration to award a contract under \$25,000 to a veteran-owned small business for goods, services, or construction.

The Commissioner of Administration may require a prime contractor for construction or professional or technical services to subcontract with a veteran-owned small business, but the commissioner must provide a process for waiving this requirement when qualified veteran-owned small businesses are not reasonably available. The commissioner may offer financial incentives for prime contractors to exceed goals for using veteran-owned small business subcontractors and financial penalties for failing to meet those goals. A prime contractor that is a veteran-owned small business is not subject to the subcontracting requirement.

Section

- 4** **Economically disadvantaged areas.** Eliminates an existing four percent preference on bidding on construction contracts for businesses in economically disadvantaged areas, so that these businesses would be subject to an existing preference of up to six percent. Permits the Commissioner of Administration to award a contract under \$25,000 for goods, services, or construction, to a small business in an economically disadvantaged area without competitive bidding. This section permits the commissioner to designate a purchase of goods or services for award only to a small business in an economically disadvantaged area if at least three such business are likely to respond to a solicitation.

The Commissioner of Administration may require a prime contractor for construction or professional or technical services to subcontract with a small business located in an economically disadvantaged area, but must provide a process for waiving this requirement when qualified small businesses located in an economically disadvantaged area are not reasonably available. The commissioner may offer financial incentives for prime contractors to exceed goals for using subcontractors that are located in economically disadvantaged areas and financial penalties for failing to meet those goals. A prime contractor that is a small business located in an economically disadvantaged area is not subject to the subcontracting requirement.

Provides that if the commissioner implements policies under this section, the commissioner must implement policies that are at least as preferential to veteran-owned small businesses, as provided in the prior section.

- 5** **Designated purchases and subcontractor goals.** Permits the commissioner to designate contracts to groups consisting of any combination of small businesses, small targeted group businesses, veteran-owned small businesses, or small businesses located in an economically disadvantaged area, if the commissioner determines that at least three businesses in two or more disadvantaged categories are likely to respond. Permits the commissioner to set goals for contractors to subcontract with businesses from any combination of the disadvantaged categories.
- 6** **Procurement procedures.** Provides that, unless otherwise provided, all laws and rules governing procurement apply equally small businesses receiving preferences under chapter 16C.