

**Subject** State procurement

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## Overview

This bill modifies state procurement statutes administered by the Department of Administration. It would prohibit certain terms in state contracts, modify the existing preferences afforded to certain eligible small businesses, and repeal a statute requiring the Department of Administration to maintain a master list of contractors who can assist certain agency reorganization efforts.

## Summary

Section	Description
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| 1 | <p><b>Unenforceable terms.</b></p> <p>Prohibits state entities from agreeing to certain contract terms, such as mandatory arbitration and automatic renewals that obligate state funds in future fiscal years. Provides that if a state contract contains one of these prohibited terms, the term is void and the contract is enforceable as if the term did not exist. Requires the Department of Administration to post a copy of this section on the department's website.</p>   |
| 2 | <p><b>Purchasing methods.</b></p> <p>Modifies a statute governing the Department of Administration's Targeted Group Small Business Procurement Program. Eliminates a provision that currently prohibits the department from establishing goals in a construction contract or a contract for professional and technical services that require a prime contractor who is a small business or a targeted group small business to subcontract with other small businesses or targeted group small businesses.</p> <p>Under current law and this bill, targeted group small businesses are those designated by the Department of Administration as majority-owned and -operated by women, persons with a substantial physical disability, or certain racial minorities. Once certified, targeted group small businesses are eligible for up to 12 percent preference in state contracting.</p> |

Section	Description
3	<p><b>Veteran-owned small businesses.</b></p> <p>Eliminates a provision that currently prohibits the department from establishing goals in a construction contract or a contract for professional and technical services that require a prime contractor who is a veteran-owned small business to subcontract with other veteran-owned small businesses.</p> <p>Under current law and this bill, veteran-owned small business are those designated by the Department of Administration as majority-owned and -operated by veterans, with veteran status verified by the Department of Veterans Affairs. Once certified, veteran-owned small businesses are eligible for up to 12 percent preference in state contracting.</p>
4	<p><b>Economically disadvantaged areas.</b></p> <p>Eliminates a provision that currently prohibits the department from establishing goals in a construction contract or a contract for professional and technical services that require a prime contractor who is a small business located in an economically disadvantaged area to subcontract with other small businesses located in economically disadvantaged areas.</p> <p>Under current law and this bill, small businesses located in an economically disadvantaged area are those, for example, that are located in a county with a median income of less than 70 percent of the statewide average or a federally designated labor surplus area. Once certified, these small businesses are eligible for up to 12 percent preference in state contracting.</p>
5	<p><b>Repealer.</b></p> <p>Repeals a section of current law that requires the Department of Administration to make available to other state agencies under a master contract program a list of eligible contractors who can assist state agencies in using data analytics to accomplish agency reorganization along service lines and flatten the organizational structure. The legislature enacted this requirement in 2012.</p>



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