

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** S.F. 1597                      **DATE:** April 24, 2012  
**Version:** First unofficial engrossment  
**Authors:** Dettmer and others  
**Subject:** Small business construction contracting bid preferences  
**Analyst:** Matt Burress

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: [www.house.mn/hrd](http://www.house.mn/hrd).

---

### Overview

Article 1 of this bill amends a preference program in bidding for Minnesota Department of Transportation (MnDOT) construction work that is state funded but not federally funded. Changes include clarifying subcontracting goals and requirements, setting a matching bid preference for veteran-owned small businesses compared to a preference for targeted group businesses, requiring a periodic disparity review for targeted group businesses, limiting bid preference eligibility, requiring a legislative report, and moving provisions into new subdivisions.

Article 2 authorizes counties to create a bid-preference program for veteran-owned small businesses competing for county contracts to provide the county with goods, services, and construction-related work.

#### Article 1: Department of Transportation Contracting

**1**        **Small business contracts.** Makes various changes to the MnDOT bid preference program for veteran-owned small businesses and targeted group businesses.

**Subd. 1. Definitions.** No changes made.

**Subd. 2. Small targeted group business, small business; contract preferences.** Clarifies that the contracting preference available to small businesses in economically disadvantaged areas is for specified construction work. Removes provisions governing subcontracting and veteran-owned small business preferences, which are recreated in new subdivisions elsewhere in the bill.

**Subd. 2a. Small targeted group business; subcontracting goals.** Re-establishes and amends language, moved from another part of this section of statutes, on goals for subcontracting to targeted group businesses.

**Subd. 2b. Veteran-owned small business; contract preferences.** Re-establishes and amends language, moved from another part of this section of statutes, on authorizing MnDOT to provide a bid preference to veteran-owned small businesses in bids for state-funded (and not

federally funded) construction work, including professional and technical services. Requires that if a bid preference is established for veteran-owned small businesses, it must be at least the same percentage as any preference provided for targeted group businesses.

**Subd. 2c. Veteran-owned small business; subcontracting goals.** Re-establishes and amends language, moved from another part of this section of statutes, on goals for subcontracting to veteran-owned small businesses.

**Subd. 3. Small targeted group business subcontract awards.** No changes made.

**Subd. 3a. Veteran-owned small business; subcontract awards.** Makes technical changes.

**Subd. 4. Contract awards, limitations.** Makes technical changes.

**Subd. 4a. Small targeted group business; limited duration and reevaluation.** Establishes requirements for period evaluation of disparities in the proportional share of contract awards to targeted group businesses.

**Subd. 5. Recourse to other businesses.** Makes technical changes.

**Subd. 6. Rules; eligibility.** Limits eligibility for the bid preferences under this section. Establishes an eight-year window for the preference following: the effective date of the changes in the bill; initial certification, for a targeted group business; or initial certification or discharge of a business owner from military service, for a veteran-owned small business.

**Subd. 7. Noncompetitive bids.** No changes made.

**Subd. 8. Reporting.** Establishes an biennial legislative report on the bid preference program. Specifies report content.

**Subd. 9. Veteran-owned small business; purpose.** Identifies legislative purpose with respect to the veteran-owned small business bid preference.

## **Article 2: Authorizing Counties**

- 1 County bid preference program authorized.** Authorizes counties, at the discretion of each county, to create a bid preference program for veteran-owned small businesses competing for county contracts for goods and services, including construction-related services. This program is modeled on existing law for state agencies.