

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 1327
Version: As introduced

DATE: March 30, 2011

Authors: Anderson, B.

Subject: Veterans; Bid Preference Program for MnDOT contracting; and Local Government Authorization

Analyst: Jim Cleary

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.

Overview

This bill strengthens the current law providing a bid preference program for veteran-owned small businesses within the Minnesota Department of Transportation (MnDOT) by mandating its implementation for all types of construction-related contracting, broadly defined.

The bill also authorizes local governments throughout Minnesota to implement, at their choosing and discretion, a bid preference program in contracting for the procurement of goods and services, including construction contracting, for veteran-owned small businesses.

In both cases, the bid preference for veteran-owned small businesses is "*up to 6 percent*" of the amount bid, as determined by the state agency or local unit of government.

This bill directs the Commissioner of MnDOT to be as inclusive as possible in specifying contracts for construction work, as well as for construction related goods and services, for award to veteran-owned small businesses.

For purposes of this program, veteran-owned small businesses (VSOBs) and Service-Disabled Veteran-owned small businesses (SDVOSBs), as certified by the U.S. Department of Veterans Affairs (USVA) and the Small Business Administration (SBA), are both eligible and are treated identically under the program. And unlike previously, there is no requirement that the veteran business owner(s) have served in active military service post-9/11.

Under current law, the bid preference program for *small targeted group businesses* (i.e. for small businesses owned by women and by minorities) and for veteran-owned small businesses is *discretionary* as it applies to the Minnesota Department of Transportation and other State agencies. MnDOT is *authorized, but not required*, to implement such program. Nevertheless, current law states that, if a program is implemented, in no case may the percentage of bid preference that is offered to veteran-owned small businesses be *less than* the percentage being offered to *small targeted group businesses*.

This bill would *make it mandatory* for MnDOT to implement the bid preference program for veteran-owned small businesses.

1 and 2 Small targeted group set-asides as distinguished from veteran-owned small business set-asides.

Sections 1 and 2 of the bill separate these two general categories of contract set-asides within MnDOT, leaving intact the commissioner's *discretionary authority for targeted group businesses*, while *mandating the commissioner to implement the program for veteran-owned small businesses*.

Section 2 also directs the Commissioner of MnDOT to be as inclusive as possible in specifying contracts for construction work, as well as for construction related goods and services, for veteran-owned small businesses.

It further directs that the term "*construction*" must be given broad meaning for purposes of specifying and letting construction contracts for veteran-owned small businesses. The bill states that for this purpose the term, *construction* must include, but is not limited to: preplanning, planning, and all other construction-related professional support services and other work involving any and all of the 14 stages of the construction process as enumerated periodically by the commissioner for the department.

3 **Cross reference.**

4 **Reporting requirement established.** Repeals existing optional report to the Commissioner of Administration and establishes a mandatory annual report by the Commissioner of MnDOT to the Legislative Committees for Transportation, State Government and Veterans Affairs. Requires that the report be sufficiently detailed for the legislature to evaluate MnDOT compliance with the mandate, as well as to enable legislative understanding of the nature of any barriers to its full implementation by MnDOT as applied to veteran-owned small businesses.

5 **Purpose stated.** The purpose of the state contracting bid preference program for veteran-owned small businesses is established as being to facilitate the healthy transition of veterans from military to civilian life and to help compensate veterans for their sacrifices, including but not limited to their sacrifice of health and time to the state and nation during their military service, as well as to enhance economic development within Minnesota.

6 **Rulemaking exemption.** MnDOT is exempted from rulemaking requirements for one year while implementing the mandated bid preference program for veteran-owned small businesses.

**Article 2
Authorizing Counties For Bid Preference For
Veteran-Owned Small Businesses**

1 **Authorizing counties to establish bid preference program for veteran-owned small businesses.** Counties would be authorized, but not required, to offer a bid preference program for veteran-owned small businesses when contracting with the county for the procurement of goods and services, including both technical and nontechnical goods and services, as well as for printing and construction.