



Senate

General Assembly

File No. 730

January Session, 2001

Substitute Senate Bill No. 1386

Senate, May 10, 2001

The Committee on Finance, Revenue and Bonding reported through SEN. LOONEY of the 11th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING CERTAIN MINORITY SET-ASIDE PROVISIONS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (a) Notwithstanding the provisions of section 4a-
2 60g of the general statutes, any municipality with a population greater
3 than thirty thousand or board of education of any such municipality
4 which receives, on and after July 1, 2001, sixty per cent or more of the
5 funding for a capital project from the state either from the General
6 Fund or from proceeds from the issuance of bonds of the state shall, in
7 carrying out such project, be considered a state agency for purposes of
8 such project and shall comply with the relevant provisions of said
9 section 4a-60g.

10 (b) For any capital project commenced by such a municipality or
11 board on or after July 1, 2001, of which sixty per cent or more of the
12 total cost is paid by the state, an independent auditor selected by the

13 Comptroller shall review the bid processes, awarding of contracts,
14 compliance with equal employment laws and state set-aside policies.
15 The auditor shall prepare a report on such project which shall detail
16 any violations of said section 4a-60g and which may contain any
17 recommendations as to appropriate action to be taken under state law.
18 The report shall be made to the Comptroller, the Governor, the
19 Commission on Human Rights and Opportunities and the General
20 Assembly in accordance with the provisions of section 11-4a of the
21 general statutes.

22 Sec. 2. This act shall take effect July 1, 2001.

FIN *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact: Cost

Affected Agencies: Office of the State Comptroller

Municipal Impact: See Explanation Below

State Impact:

This bill would result in an estimated cost to the Office of the State Comptroller (OSC) of \$380,000. The total cost includes hiring an outside auditing firm to perform audits on an estimated 30 qualified municipalities (population of over 30,000 receiving bond money for various grants in aid, LOCIP, school construction, town aid road, ect.). This includes covering 187 projects with two visits per year (one for each, the municipality and the Board of Education). The OSC would incur administrative costs to develop audit parameters and recommend appropriate state action as a result of the audit, which is included in the total estimate. sHB 6668 (the Appropriations Act, as favorably reported by the Appropriations Committee) does not include funding to support these costs.

Municipal Impact:

Assuming a municipality that receives bids for proposals includes the set-aside requirements in the request for proposal (RFP) to prospective general contractors then the additional administrative costs are expected to be minimal.

OLR BILL ANALYSIS

sSB 1386

AN ACT CONCERNING CERTAIN MINORITY SET-ASIDE PROVISIONS.**SUMMARY:**

This bill extends the requirements of the state's small and minority business set-aside law to municipal and school board capital projects. Towns and boards must comply with these requirements if the town has more than 30,000 people and 60% or more of the project funding comes from state General Fund appropriations or state bond proceeds on or after July 1, 2001.

The set-aside law requires entities to reserve (1) 25% of the value of covered contracts for exclusive bidding by small businesses and (2) 25% of the contracts reserved for small businesses for exclusive bidding by businesses owned by women, members of specified minority groups, people with disabilities, and qualifying nonprofit organizations.

The bill requires the comptroller to select an independent auditor to review covered municipal and school board projects' bid processes, contract awards, and compliance with equal employment laws and the state set-aside law. The auditor must file a report on each project with the comptroller, the governor, the Commission on Human Rights and Opportunities, and the General Assembly. The report must detail any state law violations and may include recommendations for appropriate action under state law.

EFFECTIVE DATE: July 1, 2001

BACKGROUND***Small Business and Minority Set-Aside Law***

Under the set-aside law, a small business is one that has been in business for at least a year and had \$10 million or less in gross revenues in the most recently completed fiscal year before it applies to participate. A minority business is a small contractor or nonprofit organization at least 51% owned or controlled by: (1) a person with a disability; (2) black Americans; (3) Hispanic Americans, including people of Mexican, Puerto Rican, Cuban, Central or South American, or other Spanish culture or origin, regardless of race; (4) people with origins in the Iberian Peninsula, including Portugal, regardless of race; (5) women; (6) Asian Pacific Americans and Pacific islanders; or (7) American Indians and Native Americans who maintain identifiable tribal affiliations. A person with a disability is someone who has, or has a record of having, a physical impairment that substantially limits one or more of his major life activities.

Within the set-asides, contracts must be awarded competitively. The law allows an agency, instead of setting aside part of a contract itself, to require a general or trade contractor to set aside the required contract share. Awards to a single small contractor are limited to \$10 million per year.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 28 Nay 14