



# House of Representatives

General Assembly

**File No. 417**

*January Session, 2007*

House Bill No. 6418

*House of Representatives, April 10, 2007*

The Committee on Planning and Development reported through REP. FELTMAN of the 6th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

***AN ACT CONCERNING THE MUNICIPAL SET-ASIDE PROGRAM FOR SMALL CONTRACTORS AND MINORITY BUSINESS ENTERPRISES.***

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

1 Section 1. Section 7-148u of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective October 1, 2007*):

3 (a) As used in this section:

4 (1) "Small contractor" means any contractor, subcontractor,  
5 manufacturer or service company (A) which has been doing business  
6 and has maintained its principal place of business in the state for a  
7 period of at least one year prior to the date of application for  
8 certification under this section, (B) which had gross revenues not  
9 exceeding [three] ten million dollars in the most recently completed  
10 fiscal year prior to such application, and (C) at least fifty-one per cent  
11 of the ownership of which is held by a person or persons who are  
12 active in the daily affairs of the business and have the power to direct  
13 the management and policies of the business.

14 (2) "Minority business enterprise" means any small contractor (A)  
 15 fifty-one per cent or more of the capital stock, if any, or assets of which  
 16 are owned by a person or persons (i) who are active in the daily affairs  
 17 of the enterprise, (ii) who have the power to direct the management  
 18 and policies of the enterprise, and (iii) who are members of a minority,  
 19 as such term is defined in subsection (a) of section 32-9n<sub>2</sub> or (B) who is  
 20 an individual with a disability.

21 (3) "Individual with a disability" means an individual (A) having a  
 22 physical impairment that substantially limits one or more of the major  
 23 life activities of the individual<sub>2</sub> or (B) having a record of such an  
 24 impairment.

25 (b) Notwithstanding any provision of the general statutes or of any  
 26 special act or any municipal charter or home rule ordinance, a  
 27 municipality may, by ordinance, set aside in each fiscal year, for award  
 28 to small contractors, on the basis of a competitive bidding procedure,  
 29 municipal contracts or portions of municipal contracts for the  
 30 construction, reconstruction or rehabilitation of public buildings, the  
 31 construction and maintenance of highways and the purchase of goods  
 32 and services. The total value of such contracts or portions thereof to be  
 33 set aside shall be [not more than] at least twenty-five per cent of the  
 34 average of the total value of all such contracts let by the municipality  
 35 for each of the previous three fiscal years, provided a contract that may  
 36 not be set aside due to a conflict with a federal law or regulation shall  
 37 not be included in the calculation of such average. Contracts or  
 38 portions thereof having a value of not less than twenty-five per cent of  
 39 the total value of all contracts or portions thereof to be set aside shall  
 40 be reserved for awards to minority business enterprises.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2007	7-148u

**PD**            *Joint Favorable*

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 chamber thereof for any purpose:

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***OFA Fiscal Note***

***State Impact:*** None

***Municipal Impact:*** None

***Explanation***

The bill is permissive. It allows municipalities to adopt the same small contractor set aside standard that the state uses. This is not expected to increase the cost to municipalities that adopt the set aside standard because it is not expected to significantly reduce the number of businesses that are eligible to bid on municipal projects.

***The Out Years***

***State Impact:*** None

***Municipal Impact:*** None

**OLR Bill Analysis****HB 6418*****AN ACT CONCERNING THE MUNICIPAL SET-ASIDE PROGRAM FOR SMALL CONTRACTORS AND MINORITY BUSINESS ENTERPRISES.*****SUMMARY:**

This bill expands the number of contractors eligible to participate in municipal small and minority contractor set-aside programs and potentially increases the value of contracts that municipalities that opt to create such programs must set aside. It raises, from \$3 million to \$10 million, the annual gross revenue limit for eligible contractors. By law, an eligible business must also have (1) maintained its principal place of business in Connecticut for at least one year and (2) at least 51% of its ownership in the hands of people who have the power to direct its management and policies and who are active in its daily affairs.

The bill potentially increases the value of contracts that municipalities that opt to operate set-aside programs must annually reserve for bidding by small contractors. Under current law, they must reserve up to 25% of the previous three-years' average value of their contracts for building and highway construction, highway maintenance, and goods and services purchases. The bill requires them to reserve at least 25% of that value. It continues to require them to reserve at least 25% of the total set-aside for minority-owned small contractors, which are eligible businesses owned by members of racial or ethnic minorities, women, or people with disabilities.

EFFECTIVE DATE: October 1, 2007

**COMMITTEE ACTION**

Planning and Development Committee

Joint Favorable

Yea 17 Nay 3 (03/23/2007)