



General Assembly

Substitute Bill No. 259

February Session, 2008

* SB00259VA_CE_030408 *

**AN ACT CONCERNING A STATE SET-ASIDE PROGRAM FOR
DISABLED VETERANS.**

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

1 Section 1. Section 4a-60g of the 2008 supplement to the general
2 statutes is repealed and the following is substituted in lieu thereof
3 (*Effective July 1, 2008*):

4 (a) As used in this section and sections 4a-60h to 4a-60j, inclusive, as
5 amended by this act, the following terms have the following meanings:

6 (1) "Small contractor" means any contractor, subcontractor,
7 manufacturer or service company (A) that has been doing business
8 under the same ownership or management and has maintained its
9 principal place of business in the state, for a period of at least one year
10 immediately prior to the date of application for certification under this
11 section, (B) that had gross revenues not exceeding fifteen million
12 dollars in the most recently completed fiscal year prior to such
13 application, and (C) at least fifty-one per cent of the ownership of
14 which is held by a person or persons who exercise operational
15 authority over the daily affairs of the business and have the power to
16 direct the management and policies and receive the beneficial interests
17 of the business, except that a nonprofit corporation shall be construed
18 to be a small contractor if such nonprofit corporation meets the
19 requirements of subparagraphs (A) and (B) of this subdivision. Small

20 contractor" does not include a certified or precertified disabled veteran
21 contractor.

22 (2) "State agency" means each state board, commission, department,
23 office, institution, council or other agency with the power to contract
24 for goods or services itself or through its head.

25 (3) "Minority business enterprise" means any small contractor (A)
26 fifty-one per cent or more of the capital stock, if any, or assets of which
27 are owned by a person or persons (i) who exercise operational
28 authority over the daily affairs of the enterprise, (ii) who have the
29 power to direct the management and policies and receive the beneficial
30 interest of the enterprise, and (iii) who are members of a minority, as
31 [such term] is defined in subsection (a) of section 32-9n, (B) who is an
32 individual with a disability, or (C) which is a nonprofit corporation in
33 which fifty-one per cent or more of the persons who (i) exercise
34 operational authority over the enterprise, and (ii) have the power to
35 direct the management and policies of the enterprise are members of a
36 minority, as defined in [this] subsection (a) of section 32-9n, or are
37 individuals with a disability. "Minority business enterprise" does not
38 include a certified or precertified disabled veteran contractor.

39 (4) "Affiliated" means the relationship in which a person directly, or
40 indirectly through one or more intermediaries, controls, is controlled
41 by or is under common control with another person.

42 (5) "Control" means the power to direct or cause the direction of the
43 management and policies of any person, whether through the
44 ownership of voting securities, by contract or through any other direct
45 or indirect means. Control shall be presumed to exist if any person,
46 directly or indirectly, owns, controls, holds with the power to vote, or
47 holds proxies representing, twenty per cent or more of any voting
48 securities of another person.

49 (6) "Person" means any individual, corporation, limited liability
50 company, partnership, association, joint stock company, business trust,
51 unincorporated organization or other entity.

52 (7) "Individual with a disability" means an individual (A) having a
53 physical or mental impairment that substantially limits one or more of
54 the major life activities of the individual, or (B) having a record of such
55 an impairment.

56 (8) "Nonprofit corporation" means a nonprofit corporation
57 incorporated pursuant to chapter 602 or any predecessor statutes
58 thereto.

59 (9) "Veteran with a disability" means any person who (A) served in
60 the armed forces, as defined in section 27-103, and has a service-
61 connected disability rated as ten per cent or more by the Veterans'
62 Administration, which disability was incurred or aggravated in the
63 line of duty while on active duty with one of the armed forces, and (B)
64 was discharged or released from such service under conditions other
65 than dishonorable.

66 (10) "Disabled veteran contractor" means any contractor,
67 subcontractor, manufacturer or service company (A) which has been
68 doing business under the same ownership and management and has
69 maintained its principal place of business in the state for a period of at
70 least one year immediately prior to the date of application for
71 certification under this section, and (B) at least fifty-one per cent of the
72 ownership of which is held by a veteran with a disability or veterans
73 with a disability who exercise operational authority over the daily
74 affairs of the business and have the power to direct the management
75 and policies and receive the beneficial interests of the business.

76 (b) (1) It is found and determined that there is a serious need to help
77 small contractors, minority business enterprises, nonprofit
78 organizations and individuals with disabilities and disabled veteran
79 contractors to be considered for and awarded state contracts for the
80 construction, reconstruction or rehabilitation of public buildings, the
81 construction and maintenance of highways and the purchase of goods
82 and services. Accordingly, the necessity, in the public interest and for
83 the public benefit and good, of the provisions of this section, sections

84 4a-60h to 4a-60j, inclusive, as amended by this act, and sections 32-9i to
85 32-9p, inclusive, is declared as a matter of legislative determination.

86 (2) Notwithstanding any provisions of the general statutes [to the
87 contrary,] and except as set forth [herein] in this section, the head of
88 each state agency and each political subdivision of the state other than
89 a municipality shall set aside in each fiscal year, for award to small
90 contractors, on the basis of competitive bidding procedures, contracts
91 or portions of contracts for the construction, reconstruction or
92 rehabilitation of public buildings, the construction and maintenance of
93 highways and the purchase of goods and services. Eligibility of
94 nonprofit corporations under the provisions of this section shall be
95 limited to predevelopment contracts awarded by the Commissioner of
96 Economic and Community Development for housing projects. The
97 total value of such contracts or portions thereof to be set aside by each
98 such agency shall be at least twenty-five per cent of the total value of
99 all contracts let by the head of such agency in each fiscal year,
100 provided [that] neither: [(1)] (A) A contract that may not be set aside
101 due to a conflict with a federal law or regulation; or [(2)] (B) a contract
102 for any goods or services which have been determined by the
103 Commissioner of Administrative Services to be not customarily
104 available from or supplied by small contractors shall be included.
105 Contracts or portions thereof having a value of not less than
106 twenty-five per cent of the total value of all contracts or portions
107 thereof to be set aside shall be reserved for awards to minority
108 business enterprises.

109 (3) Notwithstanding any provisions of the general statutes and
110 except as set forth in this section, the head of each state agency and
111 each political subdivision of the state other than a municipality shall
112 set aside in each fiscal year, for award to disabled veteran contractors,
113 on the basis of competitive bidding procedures, contracts or portions
114 of contracts for the construction, reconstruction or rehabilitation of
115 public buildings, the construction and maintenance of highways, and
116 the purchase of goods and services. The total value of such contracts or
117 portions thereof to be set aside by each such agency shall be at least

118 three per cent of the total value of all contracts let by the head of such
119 agency in each fiscal year, provided a contract that may not be set
120 aside due to a conflict with a federal law or regulation shall not be
121 included in such calculation, except that the head of any such agency
122 may set aside an amount based on the amount of all contracts not
123 excluded from the calculation which are anticipated to be let in any
124 fiscal year if the method of calculation for such year would result in a
125 maximum value of contracts to be set aside of less than three per cent
126 of the contracts anticipated to be let in such year or in a minimum
127 value of contracts to be set aside of greater than three per cent of the
128 contracts anticipated to be let in such year. Contracts or portions
129 thereof having a value of not less than three per cent of the total value
130 of all contracts or portions thereof to be set aside shall be reserved for
131 awards to disabled veteran contractors.

132 (c) The head of any state agency or political subdivision of the state
133 other than a municipality may, in lieu of setting aside any contract or
134 portions thereof, require any general or trade contractor or any other
135 entity authorized by such agency to award contracts [,] to set aside a
136 portion of any contract for subcontractors who are eligible for set-aside
137 contracts under this section. Nothing in this subsection shall be
138 construed to diminish the total value of contracts which are required to
139 be set aside by any state agency or political subdivision of the state
140 other than a municipality pursuant to this section.

141 (d) The [~~heads of all state agencies~~] head of each state agency and of
142 each political subdivision of the state other than a municipality shall
143 notify the Commissioner of Administrative Services of all contracts to
144 be set aside pursuant to subsection (b) or (c) of this section at the time
145 that bid documents for such contracts are made available to potential
146 contractors.

147 (e) The awarding authority shall require that a contractor or
148 subcontractor awarded a contract or a portion of a contract under this
149 section perform not less than fifteen per cent of the work with the
150 workforces of such contractor or subcontractor and shall require that

151 not less than twenty-five per cent of the work be performed by
152 contractors or subcontractors eligible for awards under this section. A
153 contractor awarded a contract or a portion of a contract under this
154 section shall not subcontract with any person with whom the
155 contractor is affiliated. No person who is affiliated with another person
156 shall be eligible for awards under this section if both affiliated persons
157 considered together would not qualify as a small contractor, [or a]
158 minority business enterprise or disabled veteran contractor under
159 subsection (a) of this section. The awarding authority shall require that
160 a contractor awarded a contract pursuant to this section submit, in
161 writing, an explanation of any subcontract to such contract that is
162 entered into with any person that is not eligible for the award of a
163 contract pursuant to this section, prior to the performance of any work
164 pursuant to such subcontract.

165 (f) The awarding authority may require that a contractor or
166 subcontractor awarded a contract or a portion of a contract under this
167 section furnish the following documentation: (1) A copy of the
168 certificate of incorporation, certificate of limited partnership,
169 partnership agreement or other organizational documents of the
170 contractor or subcontractor; (2) a copy of federal income tax returns
171 filed by the contractor or subcontractor for the previous year; and (3)
172 evidence of payment of fair market value for the purchase or lease by
173 the contractor or subcontractor of property or equipment from another
174 contractor who is not eligible for set-aside contracts under this section.

175 (g) The awarding authority or the Commissioner of Administrative
176 Services or the Commission on Human Rights and Opportunities may
177 conduct an audit of the financial, corporate and business records and
178 conduct an investigation of any small contractor, [or] minority
179 business enterprise or a disabled veteran contractor which applies for
180 or is awarded a set-aside contract for the purpose of determining
181 eligibility for awards or compliance with the requirements established
182 under this section.

183 (h) The provisions of this section shall not apply to any state agency

184 or political subdivision of the state other than a municipality for which
185 the total value of all contracts or portions of contracts of the types
186 enumerated in subsection (b) of this section is anticipated to be equal
187 to ten thousand dollars or less.

188 (i) In lieu of a performance, bid, labor and materials or other
189 required bond, a contractor or subcontractor awarded a contract under
190 this section may provide to the awarding authority, and the awarding
191 authority shall accept a letter of credit. Any such letter of credit shall
192 be in an amount equal to ten per cent of the contract for any contract
193 that is less than one hundred thousand dollars and in an amount equal
194 to twenty-five per cent of the contract for any contract that exceeds one
195 hundred thousand dollars.

196 (j) (1) Whenever the awarding authority has reason to believe that
197 any contractor or subcontractor awarded a set-aside contract has
198 wilfully violated any provision of this section, the awarding authority
199 shall send a notice to such contractor or subcontractor by certified
200 mail, return receipt requested. Such notice shall include: (A) A
201 reference to the provision alleged to be violated; (B) a short and plain
202 statement of the matter asserted; (C) the maximum civil penalty that
203 may be imposed for such violation; and (D) the time and place for [the]
204 a hearing on the violation asserted. Such hearing shall be fixed for a
205 date not earlier than fourteen days after the notice is mailed. The
206 awarding authority shall send a copy of such notice to the Commission
207 on Human Rights and Opportunities.

208 (2) The awarding authority shall hold a hearing on the violation
209 asserted unless such contractor or subcontractor fails to appear. The
210 hearing shall be held in accordance with the provisions of chapter 54.
211 If, after the hearing, the awarding authority finds that the contractor or
212 subcontractor has wilfully violated any provision of this section, the
213 awarding authority shall suspend all set-aside contract payments to
214 the contractor or subcontractor and may, in its discretion, order that a
215 civil penalty not exceeding ten thousand dollars per violation be
216 imposed on the contractor or subcontractor. If such contractor or

217 subcontractor fails to appear for the hearing, the awarding authority
218 may, as the facts require, order that a civil penalty not exceeding ten
219 thousand dollars per violation be imposed on the contractor or
220 subcontractor. The awarding authority shall send a copy of any order
221 issued pursuant to this subsection by certified mail, return receipt
222 requested, to the contractor or subcontractor named in such order. The
223 awarding authority may cause proceedings to be instituted by the
224 Attorney General for the enforcement of any order imposing a civil
225 penalty issued under this subsection.

226 (k) On or before January 1, 2000, the Commissioner of
227 Administrative Services shall establish a process for certification of
228 small contractors and minority business enterprises as eligible for
229 set-aside contracts, and, on or before January 1, 2009, the commissioner
230 shall establish a process for certification of disabled veteran contractors
231 as eligible for set-aside contracts. Each certification shall be valid for a
232 period not to exceed two years. Any paper application for certification
233 shall be no longer than six pages. The Department of Administrative
234 Services shall maintain on its web site an updated directory of (1) small
235 contractors and minority business enterprises certified under this
236 section, and (2) disabled veteran contractors certified under this
237 section.

238 (l) On or before August 30, 2007, and annually thereafter, each state
239 agency and each political subdivision of the state other than a
240 municipality setting aside contracts or portions of contracts shall
241 prepare a report establishing small and minority business set-aside
242 program goals for the twelve-month period beginning July first in the
243 same year, and, on or before August 1, 2009, each such agency and
244 political subdivision shall prepare a report establishing disabled
245 veteran contractor set-aside program goals for the twelve-month
246 period beginning July first in the same year. Each such report shall be
247 submitted to the Commissioner of Administrative Services, the
248 Commission on Human Rights and Opportunities and the
249 cochairpersons and ranking members of the joint standing committees
250 of the General Assembly having cognizance of matters relating to

251 planning and development and government administration and
252 elections.

253 (m) On or before November 1, 1995, and quarterly thereafter, each
254 state agency and each political subdivision of the state other than a
255 municipality setting aside contracts or portions of contracts shall
256 prepare a status report on the implementation and results of its small
257 business and minority business enterprise set-aside program goals
258 during the three-month period ending one month before the due date
259 for the report. On or before November 1, 2009, and quarterly
260 thereafter, each state agency and each political subdivision of the state,
261 other than a municipality, setting aside contracts or portions of
262 contracts shall prepare a status report on the implementation and
263 results of its disabled veterans contractor set-aside program goals
264 during the three-month period ending one month before the due date
265 for the report. Each report shall be submitted to the Commissioner of
266 Administrative Services and the Commission on Human Rights and
267 Opportunities. Any state agency or political subdivision of the state,
268 other than a municipality, that achieves less than fifty per cent of its
269 small contractor and minority business enterprise set-aside program
270 goals by the end of the second reporting period in any twelve-month
271 period beginning on July first shall provide a written explanation to
272 the Commissioner of Administrative Services and the Commission on
273 Human Rights and Opportunities detailing how the agency or political
274 subdivision will achieve its goals in the final reporting period. The
275 Commission on Human Rights and Opportunities shall: (1) Monitor
276 the achievement of the annual goals established by each state agency
277 and political subdivision of the state other than a municipality; and (2)
278 prepare a quarterly report concerning such goal achievement. The
279 report shall be submitted to each state agency that submitted a report,
280 the Commissioner of Economic and Community Development, the
281 Commissioner of Administrative Services and the cochairpersons and
282 ranking members of the joint standing committees of the General
283 Assembly having cognizance of matters relating to planning and
284 development and government administration and elections. Failure by

285 any state agency or political subdivision of the state other than a
286 municipality to submit any reports required by this section shall be a
287 violation of section 46a-77.

288 (n) (1) On or before January 1, 2000, and annually thereafter, the
289 Department of Administrative Services shall establish a precertification
290 list of small contractors and minority business enterprises who have
291 established a principal place of business in the state but have not
292 maintained such place of business for one year and are not in the
293 directory prepared pursuant to subsection (k) of this section. An
294 awarding agency may select a small contractor or minority business
295 enterprise from such precertification list only after such awarding
296 agency makes a good faith effort to find an eligible small contractor or
297 minority business enterprise in the directory and determines that no
298 small contractor or minority business enterprise is qualified to perform
299 the work required under the contract.

300 (2) On or before January 1, 2009, and annually thereafter, the
301 Department of Administrative Services shall establish a precertification
302 list of disabled veteran contractors who have established a principal
303 place of business in the state, but have not maintained such place of
304 business for one year and are not in the directory prepared pursuant to
305 subsection (k) of this section. An awarding agency may select a
306 disabled veteran contractor from such precertification list only after
307 such awarding agency makes a good faith effort to find an eligible
308 disabled veteran contractor in the directory and determines that no
309 disabled veteran is qualified to perform the work required under the
310 contract.

311 (o) Nothing in this section shall be construed to apply to the four
312 janitorial contracts awarded pursuant to subsections (b) to (e),
313 inclusive, of section 4a-82 of the 2008 supplement to the general
314 statutes.

315 Sec. 2. Subsection (a) of section 4a-57 of the general statutes is
316 repealed and the following is substituted in lieu thereof (*Effective July*

317 1, 2008):

318 (a) All purchases of, and contracts for, supplies, materials,
319 equipment and contractual services, except purchases and contracts
320 made pursuant to the provisions of subsection (b) of this section and
321 public utility services as provided in subsection (e) of this section shall
322 be based, when possible, on competitive bids or competitive
323 negotiation. The commissioner shall solicit competitive bids or
324 proposals by providing notice of the planned purchase in a form and
325 manner that the commissioner determines will maximize public
326 participation in the competitive bidding or competitive negotiation
327 process, including participation by small contractors and disabled
328 veteran contractors, as defined in section 4a-60g of the 2008
329 supplement to the general statutes, as amended by this act, and
330 promote competition. In the case of an expenditure which is estimated
331 to exceed fifty thousand dollars, such notice shall be inserted, at least
332 five calendar days before the final date of submitting bids or
333 proposals, in two or more publications, at least one of which shall be a
334 major daily newspaper published in the state and shall be posted on
335 the Internet. Each notice of a planned purchase under this subsection
336 shall indicate the type of goods and services to be purchased and the
337 estimated value of the contract award. The notice shall also contain a
338 notice of state contract requirements concerning nondiscrimination
339 and affirmative action pursuant to section 4a-60 and, when applicable,
340 requirements concerning the awarding of contracts to small
341 contractors, minority business enterprises, individuals with a
342 disability, disabled veteran contractors and nonprofit corporations
343 pursuant to section 4a-60g of the 2008 supplement to the general
344 statutes, as amended by this act. Each bid and proposal shall be kept
345 sealed or secured until opened publicly at the time stated in the notice
346 soliciting such bid or proposal.

347 Sec. 3. Subsections (b) and (c) of section 4-60h of the general statutes
348 are repealed and the following is substituted in lieu thereof (*Effective*
349 *July 1, 2008*):

350 (b) The commissioner shall adopt regulations, in accordance with
351 [the provisions of] chapter 54, to carry out the purposes of sections 4a-
352 60g to 4a-60j, inclusive, of the 2008 supplement to the general statutes,
353 as amended by this act. Such regulations shall include (1) provisions
354 concerning the application of the program to individuals with a
355 disability and veterans with a disability; (2) guidelines for a legally
356 acceptable format for, and content of, letters of credit authorized under
357 subsection (j) of section 4a-60g of the 2008 supplement to the general
358 statutes, as amended by this act; (3) procedures for random site visits
359 to the place of business of an applicant for certification at the time of
360 application and at subsequent times, as necessary, to ensure the
361 integrity of the application process; and (4) time limits for approval or
362 disapproval of applications.

363 (c) On or before January 1, 1994, the Commissioner of
364 Administrative Services shall, by regulations adopted in accordance
365 with chapter 54, establish a process to ensure that small contractors,
366 small businesses and minority business enterprises have fair access to
367 all competitive contracts outside of the set-aside program. On or before
368 January 1, 2009, the commissioner shall, by regulations adopted in
369 accordance with chapter 54, establish a process to ensure that disabled
370 veteran contractors have fair access to all competitive contracts outside
371 of the set-aside program.

372 Sec. 4. Section 4a-60j of the general statutes is repealed and the
373 following is substituted in lieu thereof (*Effective July 1, 2008*):

374 A small contractor or disabled veteran contractor shall receive
375 payment on a contract awarded to him or her under the provisions of
376 sections 4a-60g to 4a-60i, inclusive, of the 2008 supplement to the
377 general statutes, as amended by this act, no later than thirty days from
378 the due date of any such payment on such contract.

379 Sec. 5. Section 4a-61 of the general statutes is repealed and the
380 following is substituted in lieu thereof (*Effective July 1, 2008*):

381 (a) The Commissioner of Administrative Services, with the advice of

382 the Commissioner of Economic and Community Development, shall
383 adopt regulations, in accordance with chapter 54, establishing
384 procedures for the award of contracts concerning minority business
385 enterprises by the state or any political subdivision of the state other
386 than a municipality.

387 (b) The Commissioner of Administrative Services, with the advice of
388 the Commissioner of Economic and Community Development, shall
389 adopt regulations, in accordance with chapter 54, establishing
390 procedures for the award of contracts concerning disabled veteran
391 contractors by the state or any political subdivision of the state other
392 than a municipality.

393 Sec. 6. Section 4a-62 of the general statutes is repealed and the
394 following is substituted in lieu thereof (*Effective July 1, 2008*):

395 (a) (1) There is established a Minority Business Enterprise Review
396 Committee. The committee shall consist of two members of the House
397 of Representatives appointed by the speaker of the House, two
398 members of the House appointed by the minority leader of the House,
399 two members of the Senate appointed by the president pro tempore of
400 the Senate, and two members of the Senate appointed by the minority
401 leader of the Senate. The committee shall conduct an ongoing study of
402 contract awards, loans and bonds made or guaranteed by the state or
403 any political subdivision of the state other than a municipality for the
404 purpose of determining the extent of compliance with the provisions
405 of the general statutes concerning contract awards, loans and bonds for
406 minority business enterprises, including the set-aside program for such
407 business enterprises.

408 [(b)] (2) The committee may request any agency of the state
409 authorized to award public works contracts or to enter into purchase
410 of goods or services contracts to submit such information on
411 compliance with sections 4a-60 of the 2008 supplement to the general
412 statutes and 4a-60g of the 2008 supplement to the general statutes, as
413 amended by this act, and at such times as the committee may require.

414 The committee shall consult with the Departments of Public Works,
415 Transportation and Economic Development and the Commission on
416 Human Rights and Opportunities concerning compliance with the
417 state programs for minority business enterprises. The committee shall
418 report annually on or before February first to the Joint [Standing]
419 Committee on Legislative Management on the results of its ongoing
420 study and include its recommendations, if any, for legislation.

421 (b) (1) There is established a Disabled Veteran Contractor Review
422 Committee. The committee shall consist of two members of the House
423 of Representatives, appointed by the speaker of the House of
424 Representatives; two members of the House of Representatives,
425 appointed by the minority leader of the House of Representatives; two
426 members of the Senate, appointed by the president pro tempore of the
427 Senate; and two members of the Senate, appointed by the minority
428 leader of the Senate. The committee shall conduct an ongoing study of
429 contract awards by the state or any political subdivision of the state,
430 other than a municipality, for the purpose of determining the extent of
431 compliance with the state set-aside program established under section
432 4a-60g of the 2008 supplement to the general statutes, as amended by
433 this act, concerning contract awards for disabled veteran contractors.

434 (2) The committee may request any agency of the state authorized to
435 award public works contracts or to enter into purchase of goods or
436 services contracts to submit such information in compliance with
437 section 4a-60g of the 2008 supplement to the general statutes, as
438 amended by this act, and at such times as the committee may require.
439 The committee shall consult with the Department of Administrative
440 Services concerning compliance with the state set-aside program with
441 respect to disabled veteran contractors. The committee shall report
442 annually on or before February first to the Joint Committee on
443 Legislative Management on the results of its ongoing study and
444 include its recommendations, if any, for legislation.

445 Sec. 7. (NEW) (*Effective July 1, 2008*) As used in sections 7 to 9,
446 inclusive, of this act:

447 (1) "Commissioner" means the Commissioner of Economic and
448 Community Development;

449 (2) "Veteran-owned business" means any business (A) of which
450 fifty-one per cent or more of the capital stock, if any, or assets are
451 owned by a veteran of the armed forces in service in time of war, as
452 defined in section 27-103 of the general statutes, who is active in the
453 daily affairs of the business and has the power to direct the
454 management and policies of the business, and (B) that is a small
455 business having fifty or fewer employees; and

456 (3) "Financial institution" means any trust company, bank, savings
457 bank, credit union, savings and loan association, insurance company,
458 investment company, mortgage banker, trustee, executor, pension
459 fund, retirement fund or other fiduciary or private financial institution.

460 Sec. 8. (NEW) (*Effective July 1, 2008*) (a) (1) There is established a
461 micro-loan program for veteran-owned businesses. The commissioner
462 may enter into a contract with a quasi-public agency, financial
463 institution or nonprofit corporation to provide for the administration
464 and state-wide promotion of the program. On or before July 1, 2009,
465 the program shall be a self-sustaining revolving loan fund. No loan or
466 loan guarantee that is not in accordance with the provisions of such
467 contract shall be made from the fund established under subdivision (2)
468 of this subsection.

469 (2) There is established a fund to be known as the "Micro-Loan
470 Revolving Fund for Veteran-Owned Businesses". The fund shall
471 contain (A) any moneys allocated pursuant to subdivision (3) of this
472 subsection, and (B) any moneys required by law to be deposited into
473 the fund, including, but not limited to, any moneys appropriated by
474 the state and interest payments and principal payments on loans. Any
475 balance remaining in the fund at the end of any fiscal year shall be
476 carried forward in the fund for the next succeeding fiscal year. The
477 fund shall be used to make loans and loan guarantees pursuant to
478 subsection (b) of this section and to pay reasonable and necessary

479 expenses incurred in administering such loans and loan guarantees
480 and the program established under this subsection.

481 (3) The commissioner may allocate moneys from the Economic
482 Assistance Revolving Fund, established under section 32-231 of the
483 general statutes, to the fund established under subdivision (2) of this
484 subsection.

485 (b) The state, acting by and in the discretion of the commissioner,
486 may, pursuant to a contract entered into under subdivision (1) of
487 subsection (a) of this section, provide funds to a quasi-public agency,
488 financial institution or nonprofit corporation to be used by such quasi-
489 public agency, financial institution or nonprofit corporation to make
490 loans, interest-free loans, deferred loans or loan guarantees to veteran-
491 owned businesses. Any such loan or loan guarantee shall be used by a
492 veteran-owned business for business start-up costs or the day-to-day
493 operation of the business. The proceeds from any loan made pursuant
494 to this subsection shall not be used for the refinancing of existing loans.

495 (c) The amount of any loan made pursuant to subsection (b) of this
496 section shall not exceed fifty thousand dollars. The amount of any loan
497 guarantee made pursuant to subsection (b) of this section shall not
498 exceed thirty per cent of the principal amount.

499 (d) Each veteran-owned business applying for a loan or loan
500 guarantee under subsection (b) of this section shall submit an
501 application in such information as the commissioner shall require.
502 Security for such loan may include a security interest, an assignment of
503 a lease or the subordination of a mortgage. In addition to any other
504 conditions of default under such loan or loan guarantee, the veteran-
505 owned business shall be in default if such loan or loan guarantee is not
506 used for the purposes set forth in subsection (b) of this section or if the
507 veteran-owned business fails to participate in the business
508 management training program required under section 9 of this act.

509 (e) Payments of principal and any interest on loans, interest-free
510 loans and deferred loans made pursuant to subsection (b) of this

511 section shall be deposited into the Micro-Loan Revolving Fund for
 512 Veteran-Owned Businesses established under subdivision (2) of
 513 subsection (a) of this section.

514 (f) The commissioner may adopt regulations, in accordance with
 515 chapter 54 of the general statutes, to carry out the provisions of this
 516 section. Such regulations may provide for loan procedures, repayment
 517 terms, interest and security requirements, default and remedy
 518 provisions, and such other terms and conditions as the commissioner
 519 deems appropriate.

520 Sec. 9. (NEW) (*Effective July 1, 2008*) Each veteran-owned business
 521 that receives a loan or loan guarantee pursuant to section 8 of this act
 522 shall participate in a business management training program as
 523 designated by the commissioner. The commissioner may establish a
 524 business management training program to be administered by either
 525 the Office of Small Business Affairs or a nonprofit corporation, as
 526 determined by the commissioner, and may arrange for the
 527 participation of such other programs as the commissioner deems
 528 appropriate in implementing the business management training
 529 program. The commissioner may enter into a contract with a nonprofit
 530 corporation to provide for the administration of the business
 531 management training program pursuant to this section.

| | | |
|---|---------------------|------------------|
| This act shall take effect as follows and shall amend the following sections: | | |
| Section 1 | <i>July 1, 2008</i> | 4a-60g |
| Sec. 2 | <i>July 1, 2008</i> | 4a-57(a) |
| Sec. 3 | <i>July 1, 2008</i> | 4-60h(b) and (c) |
| Sec. 4 | <i>July 1, 2008</i> | 4a-60j |
| Sec. 5 | <i>July 1, 2008</i> | 4a-61 |
| Sec. 6 | <i>July 1, 2008</i> | 4a-62 |
| Sec. 7 | <i>July 1, 2008</i> | New section |
| Sec. 8 | <i>July 1, 2008</i> | New section |
| Sec. 9 | <i>July 1, 2008</i> | New section |

VA

Joint Favorable Subst. C/R

CE