



General Assembly

February Session, 2014

Raised Bill No. 421

LCO No. 840



Referred to Committee on COMMERCE

Introduced by:
(CE)

AN ACT CONCERNING CERTAIN BIDDING PREFERENCES IN STATE AND MUNICIPAL CONTRACTING.

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

1 Section 1. Section 4e-1 of the 2014 supplement to the general statutes
2 is repealed and the following is substituted in lieu thereof (*Effective*
3 *October 1, 2014*):

4 For the purposes of sections 4e-1 to 4e-47, inclusive, and section 2 of
5 this act:

6 (1) "Best value selection" means a contract selection process in which
7 the award of a contract is based on a combination of quality, timeliness
8 and cost factors;

9 (2) "Bid" means an offer, submitted in response to an invitation to
10 bid, to furnish supplies, materials, equipment, construction or
11 contractual services to a state contracting agency under prescribed
12 conditions at a stated price;

13 (3) "Bidder" means a business submitting a bid in response to an

14 invitation to bid by a state contracting agency;

15 (4) "Business" means any individual or sole proprietorship,
16 partnership, firm, corporation, trust, limited liability company, limited
17 liability partnership, joint stock company, joint venture, association or
18 other legal entity through which business for profit or not-for-profit is
19 conducted;

20 (5) "Competitive bidding" means the submission of prices by a
21 business competing for a contract to provide supplies, materials,
22 equipment or contractual services to a state contracting agency, under
23 a procedure in which the contracting authority does not negotiate
24 prices, as set forth in statutes and regulations concerning procurement;

25 (6) "Consultant" means (A) any architect, professional engineer,
26 landscape architect, land surveyor, accountant, interior designer,
27 environmental professional or construction administrator, who is
28 registered or licensed to practice such person's profession in
29 accordance with the applicable provisions of the general statutes, (B)
30 any planner or any environmental, management or financial specialist,
31 or (C) any person who performs professional work in areas including,
32 but not limited to, educational services, medical services, information
33 technology and real estate appraisal;

34 (7) "Consultant services" means those professional services rendered
35 by a consultant and any incidental services that a consultant and those
36 in the consultant's employ are authorized to perform;

37 (8) "Contract" or "state contract" means an agreement or a
38 combination or series of agreements between a state contracting
39 agency or quasi-public agency and a business for:

40 (A) A project for the construction, reconstruction, alteration,
41 remodeling, repair or demolition of any public building, public work,
42 mass transit, rail station, parking garage, rail track or airport;

43 (B) Services, including, but not limited to, consultant and
44 professional services;

45 (C) The acquisition or disposition of personal property;

46 (D) The provision of goods and services, including, but not limited
47 to, the use of purchase of services contracts and personal service
48 agreements;

49 (E) The provision of information technology, state agency
50 information system or telecommunication system facilities, equipment
51 or services;

52 (F) A lease; or

53 (G) A licensing agreement;

54 "Contract" or "state contract" does not include a contract between a
55 state agency or a quasi-public agency and a political subdivision of the
56 state;

57 (9) "Term contract" means the agreement reached when the state
58 accepts a bid or proposal to furnish supplies, materials, equipment or
59 contractual services at a stated price for a specific period of time in
60 response to an invitation to bid;

61 (10) "Contract risk assessment" means (A) the identification and
62 evaluation of loss exposures and risks, including, but not limited to,
63 business and legal risks associated with the contracting process and
64 the contracted goods and services, and (B) the identification,
65 evaluation and implementation of measures available to minimize
66 potential loss exposures and risks;

67 (11) "Contractor" means any business that is awarded, or is a
68 subcontractor under, a contract or an amendment to a contract with a
69 state contracting agency under statutes and regulations concerning
70 procurement, including, but not limited to, a small contractor, minority

71 business enterprise, an individual with a disability, as defined in
72 section 4a-60, or an organization providing products and services by
73 persons with disabilities;

74 (12) "Contractual services" means the furnishing of labor by a
75 contractor, not involving the delivery of a specific end product other
76 than reports, which are merely incidental to the required performance
77 and includes any and all laundry and cleaning service, pest control
78 service, janitorial service, security service, the rental and repair, or
79 maintenance, of equipment, machinery and other state-owned
80 personal property, advertising and photostating, mimeographing,
81 human services and other service arrangements where the services are
82 provided by persons other than state employees. "Contractual services"
83 includes the design, development and implementation of technology,
84 communications or telecommunications systems or the infrastructure
85 pertaining thereto, including hardware and software and services for
86 which a contractor is conferred a benefit by the state, whether or not
87 compensated by the state. "Contractual services" does not include
88 employment agreements or collective bargaining agreements;

89 (13) "Data" means recorded information, regardless of form or
90 characteristic;

91 (14) "Vote of two-thirds of the members of the board present and
92 voting" means a vote by the State Contracting Standards Board that is
93 agreed upon by two-thirds of the members of the State Contracting
94 Standards Board present and voting for a particular purpose and that
95 includes the vote of one member of the board appointed by a
96 legislative leader;

97 (15) "Electronic" means electrical, digital, magnetic, optical,
98 electromagnetic, or any other similar technology;

99 (16) "Emergency procurement" means procurement by a state
100 contracting agency, quasi-public agency, as defined in section 1-120,
101 judicial department or constituent unit of higher education that is

102 made necessary by a sudden, unexpected occurrence that poses a clear
103 and imminent danger to public safety or requires immediate action to
104 prevent or mitigate the loss or impairment of life, health, property or
105 essential public services or in response to a court order, settlement
106 agreement or other similar legal judgment;

107 (17) "Equipment" means personal property of a durable nature that
108 retains its identity throughout its useful life;

109 (18) "Materials" means items required to perform a function or used
110 in a manufacturing process, particularly those incorporated into an
111 end product or consumed in its manufacture;

112 (19) "Nonprofit agency" means any organization that is not a for-
113 profit business under 501(c)(3) of the Internal Revenue Code of 1986, or
114 any subsequent corresponding internal revenue code of the United
115 States, as from time to time amended, makes no distribution to its
116 members, directors or officers and provides services contracted for by
117 (A) the state, or (B) a nonstate entity;

118 (20) "Professional services" means any type of service to the public
119 that requires that members of a profession rendering such service
120 obtain a license or other legal authorization as a condition precedent to
121 the rendition thereof, including, but not limited to, the professional
122 services of architects, professional engineers, or jointly by architects
123 and professional engineers, landscape architects, certified public
124 accountants and public accountants, land surveyors, attorneys-at-law,
125 psychologists, licensed marital and family therapists, licensed
126 professional counselors and licensed clinical social workers as well as
127 such other professional services described in section 33-182a;

128 (21) "Privatization contract" means an agreement or series of
129 agreements between a state contracting agency and a person or entity
130 in which such person or entity agrees to provide services that are
131 substantially similar to and in lieu of services provided, in whole or in
132 part, by state employees, other than contracts with a nonprofit agency,

133 which are in effect as of January 1, 2009, and which through a renewal,
134 modification, extension or rebidding of contracts continue to be
135 provided by a nonprofit agency;

136 (22) "Procurement" means contracting for, buying, purchasing,
137 renting, leasing or otherwise acquiring or disposing of, any supplies,
138 services, including but not limited to, contracts for purchase of services
139 and personal service agreements, interest in real property, or
140 construction, and includes all government functions that relate to such
141 activities, including best value selection and qualification based
142 selection;

143 (23) "Proposer" means a business submitting a proposal to a state
144 contracting agency in response to a request for proposals or other
145 competitive sealed proposal;

146 (24) "Public record" means a public record, as defined in section 1-
147 200;

148 (25) "Qualification based selection" means a contract selection
149 process in which the award of a contract is primarily based on an
150 assessment of contractor qualifications and on the negotiation of a fair
151 and reasonable price;

152 (26) "Regulation" means regulation, as defined in section 4-166;

153 (27) "Request for proposals" means all documents, whether attached
154 or incorporated by reference, utilized for soliciting proposals;

155 (28) "State contracting agency" means any executive branch agency,
156 board, commission, department, office, institution or council. "State
157 contracting agency" does not include the judicial branch, the legislative
158 branch, the offices of the Secretary of the State, the State Comptroller,
159 the Attorney General, the State Treasurer, with respect to their
160 constitutional functions, any state agency with respect to contracts
161 specific to the constitutional and statutory functions of the office of the

162 State Treasurer. For the purposes of section 4e-16, "state contracting
163 agency" includes any constituent unit of the state system of higher
164 education and for the purposes of section 4e-19, "state contracting
165 agency" includes the State Education Resource Center, established
166 under section 10-4q;

167 (29) "Subcontractor" means a subcontractor of a contractor for work
168 under a contract or an amendment to a contract;

169 (30) "Supplies" means any and all articles of personal property,
170 including, but not limited to, equipment, materials, printing, insurance
171 and leases of real property, excluding land or a permanent interest in
172 land furnished to or used by any state agency;

173 (31) "Infrastructure facility" means a building, structure or network
174 of buildings, structures, pipes, controls and equipment that provide
175 transportation, utilities, public education or public safety services.
176 Infrastructure facility includes government office buildings, public
177 schools, jails, water treatment plants, distribution systems and
178 pumping stations, wastewater treatment plants, collections systems
179 and pumping stations, solid waste disposal plants, incinerators,
180 landfills, and related facilities, public roads and streets, highways,
181 public parking facilities, public transportation systems, terminals and
182 rolling stock, rail, air and water port structures, terminals and
183 equipment; and

184 (32) "State employee" means state employee, as defined in section 5-
185 154 and, for purposes of section 4e-16, state employee includes an
186 employee of any state contracting agency.

187 Sec. 2. (NEW) (*Effective October 1, 2014*) (a) Notwithstanding the
188 provisions of chapters 58 to 60, inclusive, and chapter 62 of the general
189 statutes, in the award of a contract, a state contracting agency may
190 adjust each bidder's bid to deduct the amount of state income taxes
191 that will be paid during the term of the contract by such bidder's
192 employees who are employed directly on the bid project. The

193 calculation of such deduction shall be equal to the sum of deductions
194 for each employee assigned to the project, calculated using the
195 following formula: An assumed income tax rate of five per cent
196 multiplied by the listed salary of the employee multiplied by the
197 proportion of the employee's time that would be assigned to the
198 project.

199 (b) If a bidder whose bid was adjusted pursuant to subsection (a) of
200 this section is awarded the state contract, such contract shall provide
201 that, if in executing such contract such bidder pays its employees less
202 in the aggregate than the amount projected in such adjusted bid, the
203 state contracting agency shall pay such bidder an amount less than the
204 amount of the bid prior to its adjustment in accordance with
205 subsection (a) of this section, and such amount shall be equal to the
206 difference between (1) the amount of Connecticut income taxes
207 projected to be paid by its employees in accordance with subsection (a)
208 of this section, and (2) the estimated Connecticut income tax paid by its
209 employees, when assuming an income tax rate of five per cent.

210 (c) Each state contracting agency that awards a contract to a bidder
211 whose bid was adjusted pursuant to subsection (a) of this section shall
212 confirm annually the number of employees actually employed in the
213 state on such project by such bidder in the case of a contract with a
214 duration of more than a year and, if such contract has a duration of less
215 than a year, prior to the final payment for such contract. If the state
216 contracting agency determines that the payment of such bidder needs
217 to be adjusted in accordance with subsection (b) of this section, the
218 state contracting agency shall make such adjustment not later than a
219 year after the awarding of such contract in the case of a contract with a
220 duration of more than a year and, if such contract has a duration of less
221 than a year, at the time of final payment for such contract.

222 Sec. 3. Section 7-148v of the 2014 supplement to the general statutes
223 is repealed and the following is substituted in lieu thereof (*Effective*
224 *October 1, 2014*):

225 Notwithstanding the provisions of any municipal charter or any
226 special act to the contrary, any municipality may, by ordinance,
227 establish requirements for competitive bidding for the award of any
228 contract or the purchase of any real or personal property by the
229 municipality. Such ordinance may provide that [,] (1) except as
230 otherwise required by any provision of the general statutes, sealed
231 bidding shall not be required for contracts or purchases having a value
232 less than or equal to an amount established in the ordinance, which
233 amount shall not be greater than twenty-five thousand dollars, and (2)
234 all other factors being equal, preference shall be given to supplies,
235 materials and equipment produced, assembled or manufactured in the
236 state and services originating and provided in the state. Nothing in this
237 section shall be deemed to invalidate any ordinance enacted by a
238 municipality prior to October 1, 1989. Nothing in this section and no
239 ordinance adopted pursuant to this section shall be construed to limit
240 the ability of a municipality to enter into a contract pursuant to section
241 4a-53a.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2014</i>	4e-1
Sec. 2	<i>October 1, 2014</i>	New section
Sec. 3	<i>October 1, 2014</i>	7-148v

Statement of Purpose:

To expand the preference for in-state bidders in the award of municipal contracts and to provide a bidding advantage in state contracts for contractors who create jobs for state residents.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]