
OLR Bill Analysis

SB 421

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

SUMMARY:

This bill allows a state contracting agency to deduct from a bid the projected amount of income taxes to be paid to the state during the term of the contract by employees directly employed on the project. The allowable deduction for each employee equals the employee's listed salary multiplied by a 5% tax rate multiplied by the proportion of time the employee is assigned to the bid project. The total allowable deduction is the sum of deductions for each employee. It appears that the deduction for income taxes paid by employees applies only to those employed directly by the bidder and not those employed by any subcontractors that may work on a project.

If the winning bidder's bid is adjusted in this manner, the state contracting agency must include a provision in the contract that allows the state contracting agency to reduce payment to the bidder if it pays its employees less than projected in the bid. The bill requires the agency to reduce the payment by an amount equal to the difference between the amount of state income taxes projected in the bid to be paid by employees and the estimated income taxes actually paid by its employees to Connecticut.

The bill requires the state contracting agency to confirm annually or prior to final payment the number of employees employed on the project. However, it does not require the agency to confirm employees' salaries or proportion of time assigned to the bid project, which are necessary to calculate the estimated income tax paid by employees.

If the state contracting agency determines that the payment to the bidder must be adjusted for paying its employees less than projected in

the bid, it must adjust the payment at the time of final payment or within a year for projects that last longer than one year.

The bill also requires municipalities to give preference in the competitive bidding process, if all other factors are equal, to supplies, materials, equipment, and services originating in Connecticut.

EFFECTIVE DATE: October 1, 2014

DEFINITIONS

Under the bill, a “state contracting agency” refers to any executive branch agency, board, commission, department, office institution, or council. It does not include the judicial or legislative branches, the offices of the Secretary of the State, the State Comptroller, the Attorney General, or the Treasurer, with respect to their constitutional functions.

“Bid” refers to an offer, submitted in response to an invitation to bid, to furnish supplies, materials, equipment, construction, or contractual services to a state contracting agency at a stated price.

COMMITTEE ACTION

Commerce Committee

Joint Favorable Report

Yea 11 Nay 6 03/20/2014