



General Assembly

**Substitute Bill No. 2**

February Session, 2016



**AN ACT SUPPORTING VETERAN-OWNED SMALL BUSINESSES.**

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

1 Section 1. Subsection (c) of section 4a-59 of the 2016 supplement to  
2 the general statutes is repealed and the following is substituted in lieu  
3 thereof (*Effective October 1, 2016*):

4 (c) All open market orders or contracts shall be awarded to (1) the  
5 lowest responsible qualified bidder, the qualities of the articles to be  
6 supplied, their conformity with the specifications, their suitability to  
7 the requirements of the state government and the delivery terms being  
8 taken into consideration and, at the discretion of the Commissioner of  
9 Administrative Services, life-cycle costs and trade-in or resale value of  
10 the articles may be considered where it appears to be in the best  
11 interest of the state, (2) the highest scoring bidder in a multiple criteria  
12 bid, in accordance with the criteria set forth in the bid solicitation for  
13 the contract, or (3) the proposer whose proposal is deemed by the  
14 awarding authority to be the most advantageous to the state, in  
15 accordance with the criteria set forth in the request for proposals,  
16 including price and evaluation factors. Notwithstanding any provision  
17 of the general statutes to the contrary, each state agency awarding a  
18 contract through competitive negotiation shall include price as an  
19 explicit factor in the criteria in the request for proposals and for the  
20 contract award. In considering past performance of a bidder for the  
21 purpose of determining the "lowest responsible qualified bidder" or

22 the "highest scoring bidder in a multiple criteria bid", the  
23 commissioner shall evaluate the skill, ability and integrity of the  
24 bidder in terms of the bidder's fulfillment of past contract obligations  
25 and the bidder's experience or lack of experience in delivering  
26 supplies, materials, equipment or contractual services of the size or  
27 amount for which bids have been solicited. In determining the lowest  
28 responsible qualified bidder for the purposes of this section, the  
29 commissioner may give a price preference of up to ten per cent for (A)  
30 the purchase of goods made with recycled materials or the purchase of  
31 recyclable or remanufactured products if the commissioner determines  
32 that such preference would promote recycling or remanufacturing. As  
33 used in this subsection, "recyclable" means able to be collected,  
34 separated or otherwise recovered from the solid waste stream for  
35 reuse, or for use in the manufacture or assembly of another package or  
36 product, by means of a recycling program which is reasonably  
37 available to at least seventy-five per cent of the state's population,  
38 "remanufactured" means restored to its original function and thereby  
39 diverted from the solid waste stream by retaining the bulk of  
40 components that have been used at least once and by replacing  
41 consumable components and "remanufacturing" means any process by  
42 which a product is remanufactured; (B) the purchase of motor vehicles  
43 powered by a clean alternative fuel; (C) the purchase of motor vehicles  
44 powered by fuel other than a clean alternative fuel and conversion  
45 equipment to convert such motor vehicles allowing the vehicles to be  
46 powered by either the exclusive use of clean alternative fuel or dual  
47 use of a clean alternative fuel and a fuel other than a clean alternative  
48 fuel. As used in this subsection, "clean alternative fuel" means natural  
49 gas, electricity, hydrogen or propane when used as a motor vehicle  
50 fuel; or (D) the purchase of goods or services from [micro businesses] a  
51 micro business, except that, in the case of a veteran-owned micro  
52 business, the commissioner may give a price preference up to fifteen  
53 per cent. As used in this subsection, "micro business" means a business  
54 with gross revenues not exceeding three million dollars in the most  
55 recently completed fiscal year and "veteran-owned micro business"  
56 means a micro business of which at least fifty-one per cent of the

57 ownership is held by one or more veterans, as defined in subsection (a)  
58 of section 27-103. All other factors being equal, preference shall be  
59 given to supplies, materials and equipment produced, assembled or  
60 manufactured in the state and services originating and provided in the  
61 state. Except with regard to contracts that may be paid for with United  
62 States Department of Transportation funds, if any such bidder refuses  
63 to accept, within ten days, a contract awarded to such bidder, such  
64 contract may be awarded to the next lowest responsible qualified  
65 bidder or the next highest scoring bidder in a multiple criteria bid,  
66 whichever is applicable, and so on until such contract is awarded and  
67 accepted. Except with regard to contracts that may be paid for with  
68 United States Department of Transportation funds, if any such  
69 proposer refuses to accept, within ten days, a contract awarded to such  
70 proposer, such contract shall be awarded to the next most  
71 advantageous proposer, and so on until the contract is awarded and  
72 accepted. There shall be a written evaluation made of each bid. This  
73 evaluation shall identify the vendors and their respective costs and  
74 prices, document the reason why any vendor is deemed to be  
75 nonresponsive and recommend a vendor for award. A contract valued  
76 at one million dollars or more shall be awarded to a bidder other than  
77 the lowest responsible qualified bidder or the highest scoring bidder in  
78 a multiple criteria bid, whichever is applicable, only with written  
79 approval signed by the Commissioner of Administrative Services and  
80 by the Comptroller. The commissioner shall post on the department's  
81 Internet web site all awards made pursuant to the provisions of this  
82 section.

83 Sec. 2. Subsections (a) and (b) of section 12-284b of the general  
84 statutes are repealed and the following is substituted in lieu thereof  
85 (*Effective October 1, 2016*):

86 (a) As used in this section:

87 (1) "S corporation" means any corporation which is an S corporation  
88 for federal income tax purposes and which is either (A) a domestic S  
89 corporation, or (B) a foreign S corporation that is required to obtain a

90 certificate of authority from the Secretary of the State before  
91 transacting business in this state, whether or not it has obtained such a  
92 certificate;

93 (2) "Limited liability company" means any limited liability company  
94 which is, for federal income tax purposes, either treated as a  
95 partnership, if it has two or more members, or disregarded as an entity  
96 separate from its owner, if it has a single member, and which is either  
97 (A) a domestic limited liability company, or (B) a foreign limited  
98 liability company that is required to register with the Secretary of the  
99 State before transacting business in this state, whether or not it has so  
100 registered;

101 (3) "Limited liability partnership" means any limited liability  
102 partnership which is either (A) a domestic limited liability partnership,  
103 or (B) a foreign limited liability partnership that is required to file a  
104 certificate of authority with the Secretary of the State before transacting  
105 business in this state, whether or not it has filed such certificate;

106 (4) "Limited partnership" means any limited partnership which is  
107 either (A) a domestic limited partnership, or (B) a foreign limited  
108 partnership that is required under chapter 610 to register with the  
109 Secretary of the State before transacting business in this state, whether  
110 or not it has so registered;

111 (5) "Taxable year" means taxable year, for federal income tax  
112 purposes;

113 (6) "Affected business entity" means any S corporation, limited  
114 liability company, limited liability partnership or limited partnership;

115 (7) "Domestic S corporation", "domestic limited liability company",  
116 "domestic limited liability partnership" or "domestic limited  
117 partnership" means any such corporation, company or partnership that  
118 is formed under the laws of this state; [and]

119 (8) "Foreign S corporation", "foreign limited liability company",

120 "foreign limited liability partnership" or "foreign limited partnership"  
 121 means any such corporation, company or partnership that is not a  
 122 domestic corporation, company or partnership; and

123 (9) "Veteran-owned business" means any business of which at least  
 124 fifty-one per cent of the ownership is held by one or more veterans, as  
 125 defined in subsection (a) of section 27-103.

126 (b) Each limited liability company, limited liability partnership,  
 127 limited partnership and S corporation shall be liable for the tax  
 128 imposed by this section for each taxable year or portion thereof that  
 129 such company, partnership or corporation is an affected business  
 130 entity, except that any veteran-owned business established on or after  
 131 July 1, 2016, shall not be liable for such tax for the first taxable year  
 132 after such establishment. For taxable years commencing prior to  
 133 January 1, 2013, each affected business entity shall annually, on or  
 134 before the fifteenth day of the fourth month following the close of its  
 135 taxable year, pay to the Commissioner of Revenue Services a tax in the  
 136 amount of two hundred fifty dollars. For taxable years commencing on  
 137 or after January 1, 2013, each affected business entity shall, on or before  
 138 the fifteenth day of the fourth month following the close of every other  
 139 taxable year, pay to the Commissioner of Revenue Services a tax in the  
 140 amount of two hundred fifty dollars.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2016	4a-59(c)
Sec. 2	October 1, 2016	12-284b(a) and (b)

**Statement of Legislative Commissioners:**

In Section 1(c), the definitions of "micro business" and "veteran-owned micro business" were consolidated into one sentence for clarity.

**VA**            *Joint Favorable Subst. -LCO*