

# Government Administration and Elections Committee

## JOINT FAVORABLE REPORT

**Bill No.:** HB-5265

AN ACT CONCERNING THE SET-ASIDE PROGRAMS FOR WOMEN-OWNED BUSINESS ENTERPRISES AND REQUIRING THE PROMPT PAYMENT OF

**Title:** CONTRACTORS.

**Vote Date:** 3/23/2018

**Vote Action:** Joint Favorable Substitute

**PH Date:** 3/5/2018

**File No.:** 354

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### SPONSORS OF BILL:

Government Administration and Elections Committee  
Rep. Joshua Malik Hall, 7<sup>th</sup> Dist.

### REASONS FOR BILL:

The bill removes women from the statutory definition of minority and creates a separate category of women-owned business enterprises eligible for the set-aside program. This will help to support women owned and operated businesses in the state. Additionally, the bill reduces the time frame for prompt payment of general and sub-contractors

**Substitute Language: Unless otherwise agreed by the parties in the terms of a written contract, a small contractor will receive payment on a contract no later than 25 days from the due date of such payment on the contract. Additionally, unless otherwise agreed by the parties in the terms of a written construction contract, a requirement that the contractor pay any amounts due any subcontractor or supplier, whether for labor performed or materials furnished, not later than twenty-five days after the date the contractor receives payment. It also requires each subcontractor and supplier to pay any amounts due any of its subcontractors or suppliers, whether for labor performed or materials furnished, not later than twenty-five days after the date such subcontractor or supplier receives a payment from the contractor**

### RESPONSE FROM ADMINISTRATION/AGENCY:

**Melody Currey, Commissioner, Department of Administrative Services (DAS):** The Department of Administrative Services opposes HB 5265. The agency believes this bill has “constitutional and other legal risks associated with changing the set-aside statutes without a valid, up-to-date disparity study”.

**Joshua Hall, State Representative**

Rep. Hall gave testimony in support of the bill. He suggested that the proposed bill would be able to track participation goals as it relates to state funded projects. The bill also addresses the Minority Business Enterprises and disparities therein. Also addressed in the bill is the issue of Prompt Payment of Contractors and Sub-contractors to participate in the bidding process and be paid in a timely way. In addition, it was noted that a disparity study should be tailored and conducted in the interest of ethnicity and gender challenges going forward..

**Commission on Human Rights and Opportunities (CHRO)**

CHRO supports the bill's concept of separating and distinguishing the groups the program intended to have as its participants for purposes of set-aside goals. But the bill requires such provision as a disparity study and analysis to be conducted in order to thereby effectively administer the set-aside program. It may also help to assure equal opportunity in contract and support efforts of small businesses. The Commission (CHRO) cannot support this bill in its current form. We urge the committee to amend the proposed bill to require a disparity study.

**NATURE AND SOURCES OF SUPPORT:**

**Jennifer Little-Greer, Executive Director, Minority Construction Council, Inc.**

Director for the Minority Construction Council supports a prompt payment statute. The bill makes conforming change the structure in payment between 45 to 55 days. On the other hand, we are requesting that the committee allocate funding for a much needed disparity study.

**Zachary Rubin, Staff Counsel, Sheet Metal, Air, Rail and Transportation (SMART)**

**Workers Local 40** Mr. Rubin testified in support of the bill, and further stated that the bill would provide much needed reform to our "present payment" laws and provide safeguard opportunities for both minority-owned businesses and women-owned businesses. The bill would reasonably reduce the time period by which subcontractors must be paid.

**The Association General Contractors of Connecticut Inc.** As proposed, we are supportive of this bill we understand the difficulty some smaller subcontractors, particularly lower-tier subcontractors, have with the current thirty-day time period, waiting upwards of 90 days for payment. The bill however, authorizes significant changes in state's set-aside statutes to benefit minority-owned businesses. It has also come to their attention that the legislature authorized a disparity study with the Connecticut Academy of Science and Engineering (CASE) to conduct such a needed study five years ago, but to date it has not been completed.

**Kimberly Glassman, Director, Foundation for Fair Contracting of Connecticut Inc.**

Ms. Glassman's testimony supports the intent of the bill and noted that the current prompt payment law stifles the growth of the smaller subcontractors. This may seem like a small change in law, but the effects will be substantial. The bill is very much a pro-contractor and pro-growth

**NATURE AND SOURCES OF OPPOSITION:**

None Expressed.

**Reported by: Benita Toussaint**

**Date: 4/10/2014**