OLR Bill Analysis
HB 5504

AN ACT CONCERNING THE NET ECONOMIC VALUE OF CONTRACTS.

SUMMARY
This bill requires the commissioners of the departments of Administrative Services (DAS) and Transportation (DOT), UConn Board of Trustees (BOT), and Board of Regents for Higher Education (BOR) to each develop and adopt a methodology for evaluating the potential state revenue from awarding contracts to certain businesses located or employing people in Connecticut. Once adopted, these entities, as well as certain state contracting agencies, must use the applicable methodology as part of their procurement processes to evaluate bids received on certain contracts entered into, amended, or renewed.

EFFECTIVE DATE: Upon passage

METHODOLOGY DEVELOPMENT AND ADOPTION

Development
The bill requires the DAS and DOT commissioners, UConn BOT, and BOR to each develop a methodology for evaluating the potential state revenue from awarding a contract to a bidding business (1) in Connecticut or (2) that will hire Connecticut employees. Such methodologies must estimate the effect on the state economy and may also consider potential state income and sales and use tax revenue.

Adoption
State Agencies. The bill requires the DAS and DOT commissioners to adopt their bid evaluation methodology by adopting implementing regulations. By January 1, 2020, the commissioners must post notice of their intent to adopt these regulations on their respective departments’ websites and the eRegulations System.
Constituent Units. By January 1, 2020, the bill requires the UConn BOT and BOR (1) to determine their bid evaluation methodology and (2) adopt, and update as necessary, policies relating to entering into or amending contracts for the higher education constituent units (i.e., UConn, the state universities, regional community-technical colleges, and Charter Oak State College). The boards must provide interested persons with a reasonable opportunity to present their views on such policies prior to adoption and post the policies on their respective websites.

By February 1, 2020, and annually thereafter, UConn and BOR must each submit a report to the Higher Education and Employment Advancement and Government Administration and Elections committees on any adopted policies related to the bill’s provisions and any revisions or amendments made to them in the previous fiscal year.

CONTRACT PROCUREMENT AND EVALUATION

DAS, DOT, and the constituent units must use their respective methodologies adopted by the commissioners, UConn BOT, and BOR as part of their evaluation criteria and procurement processes for any contract entered into, amended, or renewed after its adoption. The bill requires all state contracting agencies, other than DOT and the constituent units, to similarly use the methodology developed by DAS (see BACKGROUND).

BACKGROUND

State Contracting Agencies

By law, state contracting agencies are executive branch agencies, boards, commissions, departments, offices, institutions and councils, except for (1) the offices of the secretary of the state, comptroller, attorney general, and state treasurer, with respect to their constitutional functions; (2) any state agency with respect to contracts specific to the state treasurer’s office constitutional and statutory functions; and (3) constituent units for purposes other than the state’s privatization law.
COMMITTEE ACTION

Government Administration and Elections Committee

Joint Favorable
Yea  10  Nay  5  (03/29/2019)