Legislative Analysis

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STATE PURCHASING REQUIREMENTS: PERSONS WITH DISABILITIES AND DISABLED VETERANS

Senate Bill 302 as passed by the Senate
Sponsor: Sen. Virg Bernero

Senate Bill 303 as passed by the Senate
Sponsor: Sen. Laura M. Toy

House Committee: Veterans Affairs and Homeland Security
Senate Committee: Local, Urban and State Affairs

Complete to 6-6-05

A SUMMARY OF SENATE BILLS 302 AND 303 AS PASSED BY THE SENATE 5-12-05

Senate Bills 302 and 303 are tie-barred to one another, meaning neither could take effect unless both were enacted. The bills deal with state contracts for goods and services with persons with disabilities and disabled veterans. Senate Bill 302 would amend the Business Opportunity Act for Persons with Disabilities. Senate Bill 303 would amend the Management and Budget Act.

The Business Opportunity Act For Persons With Disabilities sets a goal for each principal state department to award each year at least three percent of its total expenditures for construction, goods, and services (minus expenditures to sole source vendors) to businesses owned by persons with disabilities. At five-year intervals, the DMB must review the progress of the departments in meeting the three percent goal and make recommendations to the Legislature regarding continuation, and increases or decreases in the percentage goal. The recommendations must be based upon the number of businesses that are owned by persons with disabilities and on the continued need to encourage and promote businesses owned by persons with disabilities.

<u>Senate Bill 302</u> would amend that act (MCL 450.793) to require each department to report annually to the Legislature on the number of businesses owned by persons with disabilities submitting bids for state procurement contracts, the number entering into contracts and their total value, and whether the department achieved its goal of awarding at least three percent of total expenditures to such businesses. The bill also would require the Department of Management and Budget to review the departments' progress in meeting the three percent goal once a year, instead of every five years.

<u>Senate Bill 303</u> would amend the Management and Budget Act (MCL 18.1261) to require the Department of Management and Budget to give a preference to a qualified disabled veteran of up to 10 percent of the amount of a competitively bid contract for items needed by state agencies and make it a goal to award at least three percent of total expenditures to qualified disabled veterans.

The bill would make it the goal of the DMB to award each year at least three percent of its total expenditures for construction, goods, and services to qualified disabled veterans. The department could count toward its annual goal that portion of all procurement contracts in which the business entity that received the procurement contract subcontracted with a qualified disabled veteran. Each year, the DMB would have to report to each house of the Legislature on all of the following for the immediately preceding 12-month period: the number of qualified disabled veterans who submitted a bid for a state procurement contract; the number of qualified disabled veterans who entered into procurement contracts with the state and the total value of those contracts; and whether the DMB achieved the goal of allocating at least three percent of its total expenditures to disabled veterans.

"Qualified disabled veteran" would mean a business entity that is 51 percent or more owned by one or more veterans with a service-connected disability. "Service-connected disability" would mean a disability incurred or aggravated in the line of duty in the active military, naval, or air service.

FISCAL IMPACT:

Senate Bill 302 would have minimal fiscal implications (from increased reporting requirements). Senate Bill 303 would have an indeterminate fiscal impact on state government, depending on the number and value of contracts awarded using the preference for disabled veterans.

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