

**STATE  
FISCAL IMPACT**

<b>Drafting Number:</b> LLS 14-0136	<b>Date:</b> February 12, 2014
<b>Prime Sponsor(s):</b> Rep. Gardner Sen. Herpin	<b>Bill Status:</b> House SVMA
	<b>Fiscal Analyst:</b> Kerry White (303-866-3469)

**SHORT TITLE:** SERVICE-DISABLED VETERAN OWNED SMALL BUS SET ASIDE

<b>Fiscal Impact Summary*</b>	<b>FY 2013-2014</b>	<b>FY 2014-2015</b>	<b>FY 2015-2016</b>
<b>State Revenue</b>			
<b>State Expenditures</b>	Workload increase. See State Expenditures section.		
<b>FTE Position Change</b>			
<b>Appropriation Required:</b> None.			

\* This summary shows changes from current law under the bill for each fiscal year.

**Summary of Legislation**

This bill creates a goal in the state procurement code for service-disabled veteran owned (SDVO) small businesses. Each state agency is encouraged to award at least 3 percent of the value of its contracts to SDVO small businesses. To achieve the goal, a state agency may grant a preference, either by evaluation or by allowing a set-aside. Prior to awarding a contract, a state agency is to require the bidder to submit proof from the United State Department of Veterans Affairs that it qualifies as a SDVO small business.

On or before September 30, 2015, and each year thereafter, the Department of Personnel and Administration (DPA) is required to submit a report to the Department of Military and Veterans Affairs (DMVA) and the State Veterans and Military Affairs Committees of the General Assembly regarding the state's progress in meeting the procurement goal.

**Background**

Under current law, the state procurement code only applies to executive branch agencies and institutions of higher education may opt out of these rules. Agencies of the legislative and judicial branches may opt into the rules. Procurement policy and rule-making for participating state agencies is overseen by the DPA.

In Colorado, most procurement contracts are awarded to the bidder that offers the lowest price bid or, in some cases, to the bidder that offers the best value. Colorado law also provides for procurement preferences in limited circumstances, such as for certain types of products, a set aside program for persons with severe disabilities, and, in the case of a tied bid, the award is made to the resident bidder.

According to the DPA, there are 397 businesses owned by service-disabled veterans registered with the United States Department of Veterans Affairs that are able to provide services in the state and 157 with an office in Colorado.

### **State Expenditures**

Beginning in the current FY 2013-14, this bill will increase workload for agencies in the executive branch, as discussed below.

***Department of Personnel and Administration.*** The DPA will be required to promulgate rules or issue technical guidance regarding how to apply the requirements of House Bill 14-1224 and to establish a reporting process to collect, track, and interpret data on contracts awarded to SVDO small businesses. It will also be required to prepare and submit an annual report on the state's progress in meeting the new procurement goal. These activities can be accomplished within existing appropriations.

***Department of Military and Veterans Affairs.*** The DMVA is directed to receive the annual report prepared by the DPA each year. The fiscal note assumes that no workload is required for the DMVA.

***All state agencies.*** The bill will increase workload for all state agencies that award contracts. The fiscal note assumes that agencies will follow the rules or technical guidance provided by the DPA and that these rules will either establish a process to collect SVDO certification with responses to bid invitations or establish a set aside program. Depending on the content of the rules or technical guidance, additional workload may be required to conduct procurements. State agencies will also be required to collect, track, and submit information to the DPA for inclusion in the annual report. The fiscal note assumes the increase in workload will not require additional appropriations for any state agency.

### **Effective Date**

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

### **State and Local Government Contacts**

All Departments