

Fiscal Estimate Narratives

DVA 2/22/2008

LRB Number 07-3378/2	Introduction Number AB-0811	Estimate Type Original
Description Awarding procurements to woman-owned businesses, veteran-owned businesses, minority businesses, and small businesses		

Assumptions Used in Arriving at Fiscal Estimate

Currently, minority-owned businesses receive certain preferences in governmental procurement. The law requires that with certain limited exceptions, state agencies that are subject to requirements to make purchases through competitive bidding or competitive sealed proposals may accept a bid or proposal from a minority-owned business that is no more than 5 percent higher than the apparent low bid or most advantageous proposal.

The proposed bill will create and expand the definition of minority-owned business for this purpose to include a business that is owned by a person with a disability. Also, this bill creates similar preferences, under which state agencies must attempt to ensure that, of the total expended for state procurements in each fiscal year is paid to small businesses (25 percent), woman-owned businesses (5 percent), and veteran-owned businesses (5 percent).

The provisions of the bill require the Department of Veterans Affairs to certify veteran status of veteran-owned businesses and provided that verification to the Department of Commerce. The Department of Commerce would then certify the business and determine the locations and the products and services offered.

This bill is not expected to have a significant fiscal effect on the department unless the number of business applying is far greater than expected.

Long-Range Fiscal Implications