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BILL ANALYSIS



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Senate Bill 313 (as introduced 3-3-09)
Sponsor: Senator John Pappageorge
Committee: Senior Citizens and Veterans Affairs

Date Completed: 3-17-09

CONTENT

The bill would amend the Management and Budget Act to require the Department of Management and Budget (DMB) to give a preference of up to 10% of the amount of construction contracts to qualified disabled veterans.

Under the Act, except for certain contracts entered into for emergency repair or construction, a contract may not be awarded for the construction, repair, remodeling, or demolition of a facility unless it is let pursuant to a bidding procedure that is approved by the State Administrative Board. The DMB must issue directives prescribing procedures for a competitive solicitation in the award of any contract for construction, repair, remodeling, or demolition of a facility.

Under the bill, in awarding a contract described above, the DMB would have to give a preference of up to 10% of the amount of the contract to a qualified disabled veteran. If the qualified disabled veteran otherwise met the requirements of the contract solicitation and, with the preference, were the lowest bidder, the DMB would have to enter into a construction contract with the veteran. If two or more qualified disabled veterans were the lowest bidders on a contract, all other things being equal, the one with the lowest bid would have to be awarded the contract.

The Act defines "qualified disabled veteran" as a business entity that is 51% or more owned by one or more veterans with a service-connected disability. "Service-connected disability" means a disability incurred or aggravated in the line of duty in the active military, naval, or air service as described in Federal law (38 USC 101(16)).

"Veteran" means a person who served in the Army, Air Force, Navy, Marine Corps, or Coast Guard and who was discharged or released from his or her service with an honorable or general discharge.

MCL 18.1241

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

There potentially could be some increased costs to the State under the proposed legislation. The State could be required to pay more for a construction contract granted to a disabled veteran if there were relatively few bids on a contract, but the additional amount is indeterminate. In FY 2007-08, an estimated \$5.0 million worth of construction contracts were awarded to service disabled veterans.

Fiscal Analyst: Joe Carrasco

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.