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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 3017

03/14/2016 Authored by Mahoney, Johnson, S., and Dehn, R.,  
The bill was read for the first time and referred to the Committee on Government Operations and Elections Policy

A bill for an act

relating to state government; proposing changes to targeted group business program; amending Minnesota Statutes 2014, section 16C.16, subdivisions 6, 10, by adding a subdivision; Minnesota Statutes 2015 Supplement, section 16C.16, subdivision 13.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 2014, section 16C.16, is amended by adding a subdivision to read:

Subd. 5a. Targeted group business mentoring program. (a) The commissioner shall develop a targeted group business mentoring program for state-funded capital improvement projects that encourages nontargeted group prime contractors to form joint venture partnerships with targeted group businesses, including both small and nonqualifying targeted group businesses, and to include those businesses in their bids on such projects.

(b) the commissioner shall establish inclusive certification standards for determining eligibility of targeted group businesses in the program, including but not limited to the certification process established by the North Central Minority Supplier Development Council.

Sec. 2. Minnesota Statutes 2014, section 16C.16, subdivision 6, is amended to read:

Subd. 6. Purchasing methods. (a) The Except when mandated by the federal government as a condition of receiving federal funds, the commissioner may shall award up to a six percent preference in the amount bid for specified goods or services to small targeted group businesses.

2.1 (b) For state-funded capital improvement projects in excess of \$100,000, the  
2.2 commissioner shall award up to a six percent preference in the amount bid for specified  
2.3 goods or services to targeted group businesses that do not qualify as small, provided that  
2.4 at least 75 percent of the value of the contracts awarded to the nonqualifying targeted  
2.5 group business is performed by the business to which the contract is awarded or by a small  
2.6 targeted group business.

2.7 (c) For state-funded capital improvement projects in excess of \$100,000, the  
2.8 commissioner shall award up to an additional six percent preference in the amount bid on  
2.9 such projects for prime contractors, which include mentoring opportunities for both small  
2.10 and nonqualifying targeted group businesses as joint venture partners in their bids.

2.11 (d) For state-funded capital improvement projects in excess of \$100,000, the  
2.12 commissioner shall also award additional preference points in the bidding process for  
2.13 prime contractors and both small and nonqualifying targeted group business joint venture  
2.14 partners that exceed stated contracting goals for targeted group businesses.

2.15 ~~(b)~~ (e) The commissioner may designate a purchase of goods or services for award  
2.16 only to small businesses or small targeted group businesses if the commissioner determines  
2.17 that at least three small businesses or small targeted group businesses are likely to bid.

2.18 ~~(e)~~ (f) The commissioner, as a condition of awarding a construction contract or  
2.19 approving a contract for professional or technical services, may set goals that require  
2.20 the prime contractor to subcontract a portion of the contract to small businesses or  
2.21 small targeted group businesses. The commissioner must establish a procedure for  
2.22 granting waivers from the subcontracting requirement when qualified small businesses  
2.23 or small targeted group businesses are not reasonably available. The commissioner may  
2.24 establish financial incentives for prime contractors who exceed the goals for use of small  
2.25 business or small targeted group business subcontractors and financial penalties for prime  
2.26 contractors who fail to meet goals under this paragraph. The subcontracting requirements  
2.27 of this paragraph do not apply to prime contractors who are small businesses or small  
2.28 targeted group businesses.

2.29 Sec. 3. Minnesota Statutes 2014, section 16C.16, subdivision 10, is amended to read:

2.30 Subd. 10. **Limits.** At least 75 percent of the value of the subcontracts awarded to  
2.31 small businesses or small targeted group businesses under subdivision 6, paragraph ~~(e)~~  
2.32 (f), must be performed by the business to which the subcontract is awarded or by another  
2.33 small business or small targeted group business.

3.1 Sec. 4. Minnesota Statutes 2015 Supplement, section 16C.16, subdivision 13, is  
3.2 amended to read:

3.3 Subd. 13. **State-funded projects.** (a) Notwithstanding section 16C.001, this  
3.4 subdivision applies to contracts for state-funded capital improvement projects in excess of  
3.5 \$100,000 that are issued by organizations not subject to the small business requirements of  
3.6 this section, including municipalities as defined in section 466.01, subdivision 1.

3.7 (b) Organizations administering contracts described in paragraph (a) shall ~~promote~~  
3.8 ~~the use of~~ award up to a six percent preference in the amount bid for such contracts  
3.9 to small targeted group businesses designated under this section, and targeted group  
3.10 businesses that do not qualify as small shall establish a contracting participation goal for  
3.11 inclusion of targeted group businesses in contracts equal to the percent of the population  
3.12 within the geographic area of the awarding organization coming from specific minority  
3.13 communities as identified by the most recent United States Census and shall take steps to  
3.14 remove barriers to equitable participation of by targeted group businesses.

3.15 (c) For contracts awarded to targeted group businesses that do not qualify as small,  
3.16 at least 75 percent of the value awarded to the nonqualifying targeted group business must  
3.17 be performed by the business to which the contract is awarded or by a small targeted  
3.18 group business.

3.19 (d) Organizations administering contracts under paragraph (a) shall award up to a  
3.20 six percent preference in the amount bid on projects under this subdivision for prime  
3.21 contractors that include mentoring opportunities for targeted group businesses as joint  
3.22 venture partners in their bids.

3.23 (e) The organizations administering contracts under this subdivision shall award  
3.24 additional preference points in the bidding process for prime contractors and targeted  
3.25 group business joint venture partners that exceed stated contracting goals for targeted  
3.26 group businesses.

3.27 (e) (f) Organizations shall cooperate with the commissioner's efforts to monitor and  
3.28 measure compliance with this subdivision in the performance of state-funded contracts  
3.29 and shall cooperate with the commissioner's establishment of a targeted group businesses  
3.30 mentoring program.