

Assembly Bill No. 31

Passed the Assembly August 27, 2009

Chief Clerk of the Assembly

Passed the Senate August 24, 2009

Secretary of the Senate

This bill was received by the Governor this _____ day
of _____, 2009, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act to amend Section 14838.5 of, and to add Section 14841 to, the Government Code, and to amend Section 10105 of the Public Contract Code, relating to public contracts.

LEGISLATIVE COUNSEL'S DIGEST

AB 31, Price. Public contracts: Small Business Procurement and Contract Act.

(1) The Small Business Procurement and Contract Act permits a state agency to award a contract for goods, services, or information technology with a value of between \$5,000 and \$100,000 to a certified small business, including a microbusiness and a disabled veteran business enterprise, without complying with specified competitive bidding requirements.

This bill would increase the maximum amount of the contract from \$100,000 to \$250,000.

(2) Existing law encourages state agencies that enter into contracts to establish goals to facilitate the participation of small businesses and disabled veteran business enterprises.

This bill also would require the contractor, upon completion of a public contract for which a commitment to achieve small business or disabled veteran business enterprise participation goals was made, to report the actual percentage of small business and disabled veteran business enterprise participation that was achieved.

(3) The State Contract Act governs contracting between state agencies and private contractors, and sets forth requirements for the bidding, awarding, and overseeing of contracts for projects, which it defines to include the construction or other improvement to a state structure or building with a total cost threshold equal to \$100,000 for calendar year 1993, as adjusted every 2 years.

This bill would instead establish a 2010 cost threshold at \$250,000, which would be adjusted every 2 years.

The people of the State of California do enact as follows:

SECTION 1. Section 14838.5 of the Government Code is amended to read:

14838.5. (a) Notwithstanding the advertising, bidding, and protest provisions of Chapter 6 (commencing with Section 14825) of this part and Chapter 2 (commencing with Section 10290) and Chapter 3 (commencing with Section 12100) of Part 2 of Division 2 of the Public Contract Code, a state agency may award a contract for the acquisition of goods, services, or information technology that has an estimated value of greater than five thousand dollars (\$5,000), but less than two hundred fifty thousand dollars (\$250,000), to a certified small business, including a microbusiness, or to a disabled veteran business enterprise, as long as the agency obtains price quotations from two or more certified small businesses, including microbusinesses, or from two or more disabled veterans business enterprises.

(b) In carrying out subdivision (a), a state agency shall consider a responsive offer timely received from a responsible certified small business, including a microbusiness, or from a disabled veteran business enterprise.

(c) If the estimated cost to the state is less than five thousand dollars (\$5,000) for the acquisition of goods, services, or information technology, or a greater amount as administratively established by the director, a state agency shall obtain at least two price quotations from responsible suppliers whenever there is reason to believe a response from a single source is not a fair and reasonable price.

SEC. 2. Section 14841 is added to the Government Code, to read:

14841. Upon completion of a public contract for which a commitment to achieve small business or disabled veteran business enterprise participation goals was made, the contractor shall report to the awarding department the actual percentage of small business and disabled veteran business enterprise participation that was achieved.

SEC. 3. Section 10105 of the Public Contract Code is amended to read:

10105. (a) As used in this part, “project” includes the erection, construction, alteration, repair or improvement of any state structure, building, road, or other state improvement of any kind that will exceed a total cost calculated pursuant to subdivision (b).

(b) The total cost limit for calendar year 2010 shall be two hundred fifty thousand dollars (\$250,000), and at two year intervals

thereafter, the total cost limit shall be adjusted upward or downward by the Director of Finance to reflect the percentage change in the annual California Construction Index as used by the Department of General Services. The amount shall be rounded off to the nearest one thousand dollar (\$1,000) figure.

Approved _____, 2009

Governor