

**Introduced by Senators Correa and DeSaulnier
(Coauthors: Senators Negrete McLeod and Pavley)**

February 5, 2010

An act to add Article 7 (commencing with Section 10390) to Chapter 2 of Part 2 of Division 2 of the Public Contract Code, relating to public contracts.

LEGISLATIVE COUNSEL'S DIGEST

SB 967, as introduced, Correa. Public contracts: bid preferences.

Existing law imposes various requirements with respect to contracting by state agencies.

This bill would, require a state agency that accepts bids or proposals for contracts for goods or services, or for the distribution of funds pursuant to the federal American Recovery and Reinvestment Act of 2009, to provide a credit of 5% of the bid price or quotation to a business that directly provides the goods or services, when 90% of the employees of the business performing work on the contract reside in the state.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

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

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) California faces the most severe economic downturn since
- 4 the Great Depression. Over two million Californians are out of
- 5 work and California's unemployment rate is one of the highest in
- 6 the nation.

1 (b) At a time of scarce state resources, state contracts should be
2 used to stimulate our state economy and put people back to work.

3 (c) The purpose of this act is to revive local communities by
4 creating new jobs and stimulating the economy.

5 SEC. 2. Article 7 (commencing with Section 10390) is added
6 to Chapter 2 of Part 2 of Division 2 of the Public Contract Code,
7 to read:

8
9 Article 7. Preference for Businesses that Employ State Residents
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11 10390. (a) On or before January 1, 2011, any state agency that
12 accepts bids or proposals for a contract for goods or services shall
13 provide a credit of 5 percent to a business that would directly
14 provide the goods or services and certifies that at least 90 percent
15 of the business' employees performing work on the contract are
16 residents of this state. The preference shall be provided as follows:

17 (1) For solicitations to be awarded to the lowest responsible
18 bidder meeting specifications, the preference to a business that
19 certifies that at least 90 percent of the business' employees
20 performing work on the contract are residents of this state shall be
21 5 percent of the lowest responsible bidder meeting specifications.

22 (2) For solicitations to be awarded to the highest scored bidder
23 based on evaluation factors in addition to price, the preference to
24 a business that certifies that at least 90 percent of the business'
25 employees performing work on the contract are residents of this
26 state shall be 5 percent of the total score of the highest responsible
27 bidder.

28 (3) The preferences awarded pursuant to subparagraph (1) or
29 (2) shall not be awarded to a noncompliant bidder and shall not
30 be used to satisfy any applicable minimum requirements.

31 (4) In order to be eligible for the 5 percent credit authorized
32 pursuant to this section, a business shall submit all required
33 substantiating documentation and information needed by the state
34 agency to determine if the business is eligible for the credit.

35 (b) On or before January 1, 2011, using existing resources, the
36 Department of General Services shall establish a process to verify
37 that a business meets the criteria for the 5 percent credit.

38 10391. (a) On or before January 1, 2011, any state agency that
39 accepts bids or proposals for the distribution of funds pursuant to
40 the federal American Recovery and Reinvestment Act of 2009

1 (Public Law 111-5) shall provide a credit of 5 percent of the bid
2 price or quotation to a business that certifies that 90 percent of the
3 business' employees performing work on the qualifying project
4 are residents of this state. The preference shall be provided as
5 follows:

6 (1) For solicitations to be awarded to the lowest responsible
7 bidder meeting specifications, the preference to a business that
8 certifies that at least 90 percent of the business' employees
9 performing work on the contract are residents of this state shall be
10 5 percent of the lowest responsible bidder meeting specifications.

11 (2) For solicitations to be awarded to the highest scored bidder
12 based on evaluation factors in addition to price, the preference to
13 a business that certifies that at least 90 percent of the business'
14 employees performing work on the contract are residents of this
15 state shall be 5 percent of the total score of the highest responsible
16 bidder.

17 (3) The preferences awarded pursuant to subparagraph (1) or
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19 be used to satisfy any applicable minimum requirements.

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25 Department of General Services shall establish a process to verify
26 that a business meets the criteria for the 5 percent credit.