

AMENDED IN SENATE JUNE 1, 2010

SENATE BILL

No. 967

**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 amended, 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

1 work and California's unemployment rate is one of the highest in
2 the nation.

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

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

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

10

11 Article 7. Preference for Businesses that Employ State Residents

12

13 10390. (a) On or before ~~January~~ *July* 1, 2011, any state agency
14 that accepts bids or proposals for a contract for goods or services
15 shall provide a credit of 5 percent to a business that would directly
16 provide the goods or services and certifies that at least 90 percent
17 of the business' employees performing work on the contract are
18 residents of this state. The preference shall be provided as follows:

19 (1) For solicitations to be awarded to the lowest responsible
20 bidder meeting specifications, the preference to a business that
21 certifies that at least 90 percent of the business' employees
22 performing work on the contract are residents of this state shall be
23 5 percent of the lowest responsible bidder meeting specifications.

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

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

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

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

1 10391. (a) On or before ~~January~~ *July* 1, 2011, any state agency
2 that accepts bids or proposals for the distribution of funds pursuant
3 to the federal American Recovery and Reinvestment Act of 2009
4 (Public Law 111-5) shall provide a credit of 5 percent of the bid
5 price or quotation to a business that certifies that 90 percent of the
6 business' employees performing work on the qualifying project
7 are residents of this state. The preference shall be provided as
8 follows:

9 (1) For solicitations to be awarded to the lowest responsible
10 bidder meeting specifications, the preference to a business that
11 certifies that at least 90 percent of the business' employees
12 performing work on the contract are residents of this state shall be
13 5 percent of the lowest responsible bidder meeting specifications.

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

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

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

27 (b) On or before ~~January~~ *July* 1, 2011, using existing resources,
28 the Department of General Services shall establish a process to
29 verify that a business meets the criteria for the 5-percent credit.