



March 9, 2011

**ENGROSSED  
HOUSE BILL No. 1183**

DIGEST OF HB 1183 (Updated March 7, 2011 12:39 pm - DI 113)

**Citations Affected:** IC 2-5; IC 5-22.

**Synopsis:** Indiana business price preferences. Provides an additional preference for purchases made by a state agency for supplies manufactured or assembled by an Indiana business in Indiana. Deletes a provision specifying that the Indiana price preferences are ignored in certain circumstances if an offeror is from a state bordering Indiana. Requires the commission on military and veterans' affairs to study veterans' procurement preferences.

**Effective:** July 1, 2011.

**Dermody, Goodin**

(SENATE SPONSORS — CHARBONNEAU, ARNOLD, TOMES)

January 10, 2011, read first time and referred to Committee on Government and Regulatory Reform.

January 25, 2011, amended, reported — Do Pass.

February 8, 2011, read second time, amended, ordered engrossed.

February 9, 2011, engrossed.

February 10, 2011, read third time, passed. Yeas 91, nays 0.

SENATE ACTION

February 17, 2011, read first time and referred to Committee on Commerce and Economic Development.

March 8, 2011, amended, reported favorably — Do Pass.

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March 9, 2011

First Regular Session 117th General Assembly (2011)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2010 Regular Session of the General Assembly.

## ENGROSSED HOUSE BILL No. 1183

A BILL FOR AN ACT to amend the Indiana Code concerning state offices and administration.

*Be it enacted by the General Assembly of the State of Indiana:*

1 SECTION 1. IC 2-5-20-7 IS AMENDED TO READ AS FOLLOWS  
2 [EFFECTIVE JULY 1, 2011]: Sec. 7. (a) The commission shall study  
3 the following:

4 (1) Matters relating to veterans and veterans' affairs.

5 (2) Matters relating to the active and reserve members of the  
6 armed forces of the United States.

7 (b) The commission may study other topics assigned by the  
8 legislative council or as directed by the commission's chairman.

9 **(c) The commission shall study veterans' procurement**  
10 **preferences and provide the legislative council with a report before**  
11 **November 1, 2011. The report shall be in electronic format under**  
12 **IC 5-14-6. As part of the study, the commission shall work with the**  
13 **Indiana department of administration created by IC 4-13-1-2.**

14 SECTION 2. IC 5-22-15-20.5, AS AMENDED BY P.L.123-2009,  
15 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
16 JULY 1, 2011]: Sec. 20.5. (a) This section applies only to a contract  
17 awarded by a state agency.

EH 1183—LS 6306/DI 14+



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1 (b) As used in this section, "Indiana business" refers to any of the  
2 following:

3 (1) A business whose principal place of business is located in  
4 Indiana.

5 (2) A business that pays a majority of its payroll (in dollar  
6 volume) to residents of Indiana.

7 (3) A business that employs Indiana residents as a majority of its  
8 employees.

9 (4) A business that makes significant capital investments in  
10 Indiana.

11 (5) A business that has a substantial positive economic impact on  
12 Indiana as defined by criteria developed under subsection (c).

13 (c) The Indiana department of administration shall consult with the  
14 Indiana economic development corporation in developing criteria for  
15 determining whether a business is an Indiana business under subsection  
16 (b). The Indiana department of administration may consult with the  
17 Indiana economic development corporation to determine whether a  
18 particular business meets the requirements of this section and the  
19 criteria developed under this subsection.

20 (d) There are the following price preferences for supplies purchased  
21 from an Indiana business:

22 (1) Five percent (5%) for a purchase expected by the state agency  
23 to be less than five hundred thousand dollars (\$500,000).

24 (2) Three percent (3%) for a purchase expected by the state  
25 agency to be at least five hundred thousand dollars (\$500,000) but  
26 less than one million dollars (\$1,000,000).

27 (3) One percent (1%) for a purchase expected by the state agency  
28 to be at least one million dollars (\$1,000,000).

29 (e) Notwithstanding subsection (d), a state agency shall award a  
30 contract to the lowest responsive and responsible offeror, regardless of  
31 the preference provided in this section, if:

32 (1) the offeror is an Indiana business; or

33 (2) the offeror is a business from a state bordering Indiana and the  
34 business's home state does not provide a preference to the home  
35 state's businesses more favorable than is provided by Indiana law  
36 to Indiana businesses.

37 (e) If an Indiana business offers to provide supplies  
38 manufactured or assembled in Indiana, and if two (2) or more bids  
39 submitted were the same, the following price preference is  
40 available to the Indiana business, in addition to the price  
41 preference available under subsection (d):

42 (1) Three percent (3%) for a purchase expected by the state

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agency to be less than five hundred thousand dollars (\$500,000).

(2) Two percent (2%) for a purchase expected by the state agency to be at least five hundred thousand dollars (\$500,000) but less than one million dollars (\$1,000,000).

(3) One percent (1%) for a purchase expected by the state agency to be at least one million dollars (\$1,000,000).

**The Indiana department of administration shall adopt rules under IC 4-22-2 to establish guidelines for determining when supplies are manufactured or assembled in Indiana.**

(f) A business that wants to claim a preference provided under this section must do all of the following:

(1) State in the business's bid that the business claims the preference provided by this section.

(2) Provide the following information to the department:

(A) The location of the business's principal place of business. If the business claims the preference as an Indiana business described in subsection (b)(1), a statement explaining the reasons the business considers the location named as the business's principal place of business.

(B) The amount of the business's total payroll and the amount of the business's payroll paid to Indiana residents.

(C) The number of the business's employees and the number of the business's employees who are Indiana residents.

(D) If the business claims the preference as an Indiana business described in subsection (b)(4), a description of the capital investments made in Indiana and a statement of the amount of those capital investments.

(E) If the business claims the preference as an Indiana business described in subsection (b)(5), a description of the substantial positive economic impact the business has on Indiana.

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## COMMITTEE REPORT

Mr. Speaker: Your Committee on Government and Regulatory Reform, to which was referred House Bill 1183, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 2-5-31 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]:

**Chapter 31. Interim Study Committee on Veterans' Procurement Preferences**

**Sec. 1. As used in this chapter, "committee" refers to the interim study committee on veterans' procurement preferences established by section 2 of this chapter.**

**Sec. 2. The interim study committee on veterans' procurement preferences is established.**

**Sec. 3. The committee shall operate under the policies governing study committees adopted by the legislative council.**

**Sec. 4. The affirmative votes of a majority of the voting members appointed to the committee are required for the committee to take action on any measure, including final reports.**

**Sec. 5. The committee shall study and make recommendations to the legislative council concerning a state preference procurement program to benefit veteran owned businesses in Indiana. The committee's research may include a review of veterans' preference programs in other states as well as municipal veterans' preference programs in Indiana.**

**Sec. 6. Before November 1, 2011, the committee shall issue a final report to the legislative council containing the findings and recommendations of the committee.**

**Sec. 7. This chapter expires December 31, 2011."**

Re-number all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1183 as introduced.)

HINKLE, Chair

Committee Vote: yeas 9, nays 0.

EH 1183—LS 6306/DI 14+



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HOUSE MOTION

Mr. Speaker: I move that House Bill 1183 be amended to read as follows:

Page 2, between lines 8 and 9, begin a new paragraph and insert:

"SECTION 2. IC 5-22-15-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 7. (a) An offeror may claim one (1) of the following types of preference for which the offeror is eligible:

- (1) An Indiana business preference under rules adopted under section 20 of this chapter or IC 4-13.6-6-2.5.
- (2) A preference for supplies as provided by sections 16, 18, 19, and 24 of this chapter.
- (3) An Indiana small business preference as provided by section 23 of this chapter.
- (4) An Indiana farm product preference as provided by section 23.5 of this chapter.**

(b) An offeror may not claim more than one (1) preference as provided by sections 16, 18, 19, and 24 of this chapter for a given supply item.

(c) This section does not:

- (1) apply to; or
- (2) limit;

action of the Indiana department of administration under rules adopted under section 21 of this chapter."

Page 4, after line 1, begin a new paragraph and insert:

"SECTION 4. IC 5-22-15-23.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 23.5. (a) A governmental body may give up to a ten percent (10%) price preference for agricultural products grown, produced, or processed in Indiana.**

**(b) A governmental body may adopt rules to establish criteria to carry out this section."**

Re-number all SECTIONS consecutively.

(Reference is to HB 1183 as printed January 25, 2011.)

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HOUSE MOTION

Mr. Speaker: I move that House Bill 1183 be amended to read as follows:

Page 1, delete lines 1 through 17.

Page 2, delete lines 1 through 8, begin a new paragraph and insert: "SECTION 1. IC 2-5-20-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 7. (a) The commission shall study the following:

- (1) Matters relating to veterans and veterans' affairs.
- (2) Matters relating to the active and reserve members of the armed forces of the United States.

(b) The commission may study other topics assigned by the legislative council or as directed by the commission's chairman.

**(c) The commission shall study veterans' procurement preferences and provide the legislative council with a report before November 1, 2011. The report shall be in electronic format under IC 5-14-6. As part of the study, the commission shall work with the Indiana department of administration created by IC 4-13-1-2."**

Page 3, line 8, after "Indiana," insert "**and if two (2) or more bids submitted were the same,**".

Page 3, line 9, delete "available," and insert "**available to the Indiana business,**".

Renumber all SECTIONS consecutively.

(Reference is to HB 1183 as printed January 25, 2011.)

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COMMITTEE REPORT

Madam President: The Senate Committee on Commerce and Economic Development, to which was referred House Bill No. 1183, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, delete lines 14 through 17.

Page 2, delete lines 1 through 16.



Page 4, delete lines 11 through 17.

Re-number all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1183 as reprinted February 9, 2011.)

YOUNG R MICHAEL, Chairperson

Committee Vote: Yeas 8, Nays 0.

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