



February 22, 2013

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## SENATE BILL No. 564

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DIGEST OF SB 564 (Updated February 21, 2013 12:27 pm - DI 58)

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

**Synopsis:** Veterans preference on state contracts. Provides that an Indiana veteran owned small business (VOSB) is eligible for the small business set aside procurement policy for state procurements and for procurements by political subdivisions that have adopted the set aside policy. Provides that the 15% price preference for small businesses applies to Indiana VOSBs. Requires the department of administration to adopt rules to increase contracting opportunities for Indiana VOSBs with a goal to procure in each state fiscal year at least 3% of state contracts with Indiana VOSBs. Provides that the Indiana economic development corporation may assist the department of administration: (1) compiling and maintaining a list of Indiana VOSBs; (2) assisting Indiana VOSBs to comply with procedures for bidding on state contracts; (3) helping determine which purchases of supplies or services are consistent with the state's VOSB procurement goal; and (4) simplifying specifications and contract terms to increase opportunities for Indiana VOSB participation in state contracts. Provides for the development of programs to encourage cities, counties, towns, townships, and private businesses to adopt the state's VOSB procurement goal. Requires the department of administration to report on the percentage of state contracts with Indiana VOSBs.

**Effective:** July 1, 2013.

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### Delph, Buck, Paul, Mrvan, Hume

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January 14, 2013, read first time and referred to Committee on Commerce, Economic Development & Technology.

February 11, 2013, amended, reported favorably — Do Pass; reassigned to Committee on Appropriations.

February 21, 2013, amended, reported favorably — Do Pass.

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SB 564—LS 7245/DI 109+



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February 22, 2013

First Regular Session 118th General Assembly (2013)

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 2012 Regular Session of the General Assembly.

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## SENATE BILL No. 564

A BILL FOR AN ACT to amend the Indiana Code concerning military and veterans.

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

- 1 SECTION 1. IC 5-22-14-1 IS AMENDED TO READ AS  
2 FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 1. As used in this  
3 chapter, "small business" means a business that:  
4 (1) is independently owned and operated;  
5 (2) is not dominant in its field of operation; and  
6 (3) satisfies the criteria:  
7 (A) in the rules adopted under section 3 of this chapter; **or**  
8 (B) **to be a veteran owned small business concern as**  
9 **specified in section 3.5 of this chapter.**  
10 SECTION 2. IC 5-22-14-3.5 IS ADDED TO THE INDIANA CODE  
11 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
12 1, 2013]: **Sec. 3.5. (a) A business qualifies as a small business for**  
13 **purposes of this chapter if the business is an Indiana small business**  
14 **concern owned and controlled by veterans, as defined in 15 U.S.C.**  
15 **632(q)(3) as in effect January 1, 2013, and the business:**  
16 (1) **has a current verification as a veteran owned small**  
17 **business concern under 38 CFR 74, et seq., by the Center of**

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1           **Veterans Enterprise of the United States Department of**  
2           **Veterans Affairs;**  
3           **(2) is owned and controlled by one (1) or more veterans who**  
4           **have been residents of Indiana for at least one (1) year before**  
5           **making an offer or, in the case of a corporation, have at least**  
6           **fifty-one percent (51%) of the corporation's stock owned by**  
7           **one (1) or more veterans who have been residents of Indiana**  
8           **for at least one (1) year before making an offer; and**  
9           **(3) has its principal place of business located in Indiana.**  
10          **(b) The Indiana economic development corporation may assist**  
11          **the Indiana department of administration in doing any of the**  
12          **following:**  
13               **(1) Compiling and maintaining a comprehensive list of**  
14               **veteran owned small businesses.**  
15               **(2) Assisting veteran owned small businesses in complying**  
16               **with the procedures for bidding on state contracts.**  
17               **(3) Examining requests from the Indiana department of**  
18               **administration for the purchase of supplies or services to help**  
19               **determine which purchases may be consistent with the goal**  
20               **described in section 11(a) of this chapter.**  
21               **(4) Simplifying specifications and contract terms to increase**  
22               **the opportunities for veteran owned small businesses to**  
23               **participate in state contracts.**  
24          **(c) The Indiana economic development corporation, in**  
25          **consultation with the Indiana department of administration, may**  
26          **develop programs to encourage cities, counties, towns, townships,**  
27          **and private businesses to adopt the goal for contracts with veteran**  
28          **owned small businesses described in section 11(a) of this chapter.**  
29          SECTION 3. IC 5-22-14-11 IS ADDED TO THE INDIANA CODE  
30          AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
31          1, 2013]: **Sec. 11. (a) The Indiana department of administration**  
32          **shall adopt rules under IC 4-22-2 to do the following:**  
33               **(1) Increase contracting opportunities for Indiana veteran**  
34               **owned small businesses described in section 3.5 of this chapter**  
35               **with a goal to procure in each state fiscal year at least three**  
36               **percent (3%) percent of state contracts with Indiana veteran**  
37               **owned small businesses.**  
38               **(2) Develop procurement policies and procedures to**  
39               **accomplish the goal described in subdivision (1), including**  
40               **guidelines to be followed by the Indiana department of**  
41               **administration in conducting the department's procurement**  
42               **efforts.**

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1       **These procurement policies do not apply to a procurement of**  
2       **supplies and services to address immediate and serious government**  
3       **needs at a time of emergency, including a threat to the public**  
4       **health, welfare, or safety that may arise by reason of floods,**  
5       **epidemics, riots, acts of terrorism, major power failures, a threat**  
6       **proclaimed by the President of the United States or the governor,**  
7       **or a threat declared by the commissioner of the Indiana**  
8       **department of administration.**

9       **(b) The Indiana department of administration shall annually**  
10       **evaluate its progress in meeting the goal described in this section**  
11       **for the previous state fiscal year. Beginning in 2014, after June 30**  
12       **and before November 1 of each year, the Indiana department of**  
13       **administration shall submit a report to the governor, the Indiana**  
14       **department of veterans' affairs, the commission on military and**  
15       **veterans affairs, and, in an electronic format under IC 5-14-6, the**  
16       **legislative council. The report must include:**

17               **(1) the percentage goal obtained by the Indiana department**  
18               **of administration during the previous state fiscal year; and**

19               **(2) a summary of why the Indiana department of**  
20               **administration failed to meet the goal and what actions are**  
21               **being taken by the Indiana department of administration to**  
22               **meet the goal in the current state fiscal year.**

23       **(c) The Indiana department of administration shall post the**  
24       **report described in subsection (b) on the department's Internet**  
25       **web site not later than thirty (30) days after the report is**  
26       **submitted. The Indiana department of veterans' affairs shall post**  
27       **the report described in subsection (b) on the department's Internet**  
28       **web site not later than thirty (30) days after the report is submitted**  
29       **by the Indiana department of administration.**

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## COMMITTEE REPORT

Madam President: The Senate Committee on Commerce, Economic Development and Technology, to which was referred Senate Bill No. 564, 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 3, line 31, delete "ten percent (10%)" and insert "**five percent (5%)**".

Page 4, line 7, after "governor," insert "**the Indiana department of veterans' affairs, the commission on military and veterans affairs, and,**".

Page 4, line 8, delete "and".

Page 4, delete line 20 and insert "**under subsection (b).**"

**(d) The Indiana department of veterans' affairs shall post the report described in subsection (b) on the department's Internet web site not later than thirty (30) days after the report is submitted by the Indiana department of administration."**

Page 4, line 29, delete "(a)".

Page 4, delete line 35.

and when so amended that said bill be reassigned to the Senate Committee on Appropriations.

(Reference is to SB 564 as introduced.)

BUCK, Chairperson

Committee Vote: Yeas 6, Nays 1.

## COMMITTEE REPORT

Madam President: The Senate Committee on Appropriations, to which was referred Senate Bill No. 564, 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 1 through 17, begin a new paragraph and insert:

"SECTION 1. IC 5-22-14-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 1. As used in this chapter, "small business" means a business that:

- (1) is independently owned and operated;
- (2) is not dominant in its field of operation; and
- (3) satisfies the criteria:

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- (A) in the rules adopted under section 3 of this chapter; or  
 (B) to be a veteran owned small business concern as specified in section 3.5 of this chapter.

SECTION 2. IC 5-22-14-3.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: **Sec. 3.5. (a) A business qualifies as a small business for purposes of this chapter if the business is an Indiana small business concern owned and controlled by veterans, as defined in 15 U.S.C. 632(q)(3) as in effect January 1, 2013, and the business:".**

Page 2, delete lines 1 through 12.

Page 2, line 13, delete "have" and insert "has".

Page 2, line 17, delete "be" and insert "is".

Page 2, line 18, after "before" insert "**making an offer or, in the case of a corporation, have at least fifty-one percent (51%) of the corporation's stock owned by one (1) or more veterans who have been residents of Indiana for at least one (1) year before making an offer; and"**.

Page 2, delete lines 19 through 23.

Page 2, line 24, delete "have" and insert "has".

Page 2, delete lines 25 through 42, begin a new paragraph and insert:

**"(b) The Indiana economic development corporation may assist the Indiana department of administration in doing any of the following:**

- (1) Compiling and maintaining a comprehensive list of veteran owned small businesses.**
- (2) Assisting veteran owned small businesses in complying with the procedures for bidding on state contracts.**
- (3) Examining requests from the Indiana department of administration for the purchase of supplies or services to help determine which purchases may be consistent with the goal described in section 11(a) of this chapter.**
- (4) Simplifying specifications and contract terms to increase the opportunities for veteran owned small businesses to participate in state contracts.**

**(c) The Indiana economic development corporation, in consultation with the Indiana department of administration, may develop programs to encourage cities, counties, towns, townships, and private businesses to adopt the goal for contracts with veteran owned small businesses described in section 11(a) of this chapter.**

SECTION 3. IC 5-22-14-11 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY

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1, 2013]: **Sec. 11. (a) The Indiana department of administration shall adopt rules under IC 4-22-2 to do the following:**

**(1) Increase contracting opportunities for Indiana veteran owned small businesses described in section 3.5 of this chapter with a goal to procure in each state fiscal year at least three percent (3%) percent of state contracts with Indiana veteran owned small businesses.**

**(2) Develop procurement policies and procedures to accomplish the goal described in subdivision (1), including guidelines to be followed by the Indiana department of administration in conducting the department's procurement efforts.**

**These procurement policies do not apply to a procurement of supplies and services to address immediate and serious government needs at a time of emergency, including a threat to the public health, welfare, or safety that may arise by reason of floods, epidemics, riots, acts of terrorism, major power failures, a threat proclaimed by the President of the United States or the governor, or a threat declared by the commissioner of the Indiana department of administration.**

**(b) The Indiana department of administration shall annually evaluate its progress in meeting the goal described in this section for the previous state fiscal year. Beginning in 2014, after June 30 and before November 1 of each year, the Indiana department of administration shall submit a report to the governor, the Indiana department of veterans' affairs, the commission on military and veterans affairs, and, in an electronic format under IC 5-14-6, the legislative council. The report must include:**

**(1) the percentage goal obtained by the Indiana department of administration during the previous state fiscal year; and**

**(2) a summary of why the Indiana department of administration failed to meet the goal and what actions are being taken by the Indiana department of administration to meet the goal in the current state fiscal year.**

**(c) The Indiana department of administration shall post the report described in subsection (b) on the department's Internet web site not later than thirty (30) days after the report is submitted. The Indiana department of veterans' affairs shall post the report described in subsection (b) on the department's Internet**

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**web site not later than thirty (30) days after the report is submitted by the Indiana department of administration."**

Delete pages 3 through 5.

and when so amended that said bill do pass.

(Reference is to SB 564 as printed February 12, 2013.)

KENLEY, Chairperson

Committee Vote: Yeas 11, Nays 0.

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