

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: Military Affairs and Domestic Security Committee

BILL: SB 300

INTRODUCER: Senator Fasano

SUBJECT: Disabled-Veteran Business Contracts

DATE: February 9, 2007

REVISED: 02/20/07

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Pardue	Skelton	MS	Fav/1 amendment
2.			GO	
3.			GA	
4.				
5.				
6.				

Please see last section for Summary of Amendments

Technical amendments were recommended

Amendments were recommended

Significant amendments were recommended

I. Summary:

This bill establishes a goal for state agencies and political subdivisions in awarding contracts to disabled-veteran business entities. The bill defines the terms “disabled veteran” and “disabled-veteran business entity” and provides qualifying criteria for becoming certified as a disabled-veteran business entity.

The bill does not appear to have a fiscal impact. The bill affects the possible distribution of contract awards but not the overall amount of contracts to be awarded.

This bill creates an undesignated section of Florida Statutes.

II. Present Situation:

The federal government has established policies to encourage small business development. These include a requirement that a portion of federal government contracts be awarded to small businesses. Awarding such contracts is considered to be in the best interest of maintaining and mobilizing the nation’s full productive capacity.¹ Federal statute further establishes a federal government-wide goal for participation of small business concerns owned and controlled by

¹ 15 United States Code (USC) Section 644 (a).

service-disabled veterans. This goal is established at not less than three percent of the total value of all prime contract and subcontract awards for each fiscal year.²

Florida also has undertaken a number of actions to encourage the development of small businesses. These include the establishment of the Florida Small Business Development Center Network to assist in the growth of micro, small, and medium size business enterprises in Florida.³

In addition, the Florida Small and Minority Business Assistance Act of 1985 established programs to assist small and minority businesses in obtaining financing through private equity capital.⁴

III. Effect of Proposed Changes:

This bill establishes a goal for state agencies and political subdivisions in awarding construction, professional services, materials, supplies, equipment, alterations, repairs, and improvement contracts to disabled-veteran business enterprises. The goal is no less than three percent of the overall dollar amount that each entity expends on all such contracts. Awarding contracts to disabled-veteran business enterprises is encouraged but not mandated in this bill.

The bill defines “disabled veteran” as a veteran, as defined in s. 1.01, F.S., who has a certified service-connected disability of 10 percent or greater.

The bill defines a “disabled-veteran business enterprise” as a business entity that is:

- Certified by the Department of Management Services;
- At least 51 percent owned by a disabled veteran;
- Controlled and managed on a daily basis by one or more disabled veterans;
- Having its home office located in the United States; and
- Not a branch or subsidiary of another corporation, firm, or other business that is located outside the United States.

The bill provides that in the event of the death or permanent medical disability of the majority owner disabled veteran, the business may be inherited or controlled by that person’s spouse without loss of status as a disabled-veteran business enterprise. Such status is retained as long as the spouse does not remarry.

The bill requires the Department of Veterans Affairs to publish this act and information relating to obtaining certification as a disabled-veteran business enterprise. Such information must be placed on the department’s website and in other veterans’ publications by October 1, 2007.

The bill requires applicants for certification as a disabled-veteran business enterprise to submit documentation showing that certification criteria have been met. The bill gives authority to the

² 15 USC Section 644 (g) (1).

³ Source: Florida Small Business Development Center Network website, <http://www.floridasbdc.com>.

⁴ Chapter 288, Part IV, Florida Statutes (F.S.),

Department of Management Services to authorize a form for this purpose. The department is required to publish a list of certified disabled-veteran business enterprises on its website.

Each state agency and political subdivision is required to submit a quarterly report to the Department of Management Services listing contracts awarded to disabled-veteran business enterprises along with the dollar amount of the awards as well as the total amount of all awards.

The department is required to compile these records and notify each agency and political subdivision if they have met the three percent award goal. The department is also required to report this information to the Department of Veterans Affairs and the presiding officers of the Legislature.

This bill provides for an effective date of July 1, 2007.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

The amount of total contract awards to the private sector is not affected by this bill. Further, awards to disabled-veterans business entities are encouraged with a target goal established; however such contract awards are not mandated. The only private sector impact would be a possible change in the distribution of contract awards.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

Quarterly reporting by all state and local government agencies to the Department of Management Services and then to the Department of Veterans Affairs and the Legislature may create excessive paperwork. A less frequent reporting period may be adequate to achieve the purpose of the legislation.

Institutions of higher education do not appear to be affected by this legislation because they are not considered state agencies or political subdivisions as defined in Florida Statutes.⁵

This Senate staff analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

⁵ Sections 1.01(8) and 20.03 (11), F.S.

VIII. Summary of Amendments:

Barcode 421922 by Military Affairs and Domestic Security:

Requires the Department of Veterans Affairs to contract with an entity to provide technical assistance to businesses that may qualify or have already qualified for certification as disabled-veteran business enterprises. The amendment provides for specific qualifications for contractor selection and contractor duties to be performed. (WITH TITLE AMENDMENT)

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