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State of Minnesota  
**HOUSE OF REPRESENTATIVES**

**EIGHTY-NINTH SESSION**

**H. F. No. 141**

01/12/2015 Authored by Dettmer, Pugh, Uglem, Howe and Newton

The bill was read for the first time and referred to the Veterans Affairs Division

02/12/2015 Adoption of Report: Amended and re-referred to the Committee on State Government Finance

1.1 A bill for an act  
1.2 relating to veterans; modifying veteran-owned small business certification  
1.3 for purposes of state procurement; requiring contract bid preference for  
1.4 veteran-owned small businesses in certain situations involving capital investment  
1.5 projects; appropriating money; amending Minnesota Statutes 2014, sections  
1.6 16C.16, subdivision 6a; 16C.19; 375.771, subdivisions 1, 2; 469.44, by adding a  
1.7 subdivision; 471.3457.

1.8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.9 Section 1. Minnesota Statutes 2014, section 16C.16, subdivision 6a, is amended to read:

1.10 Subd. 6a. **Veteran-owned small businesses.** (a) Except when mandated by the  
1.11 federal government as a condition of receiving federal funds, the commissioner shall  
1.12 award up to a six percent preference, but no less than the percentage awarded to any  
1.13 other group under this section, in the amount bid on state procurement to certified small  
1.14 businesses that are majority-owned and operated by veterans.

1.15 (b) The purpose of this designation is to facilitate the transition of veterans from  
1.16 military to civilian life, and to help compensate veterans for their sacrifices, including but  
1.17 not limited to their sacrifice of health and time, to the state and nation during their military  
1.18 service, as well as to enhance economic development within Minnesota.

1.19 (c) Before the commissioner certifies that a small business is majority-owned and  
1.20 operated by a veteran, the commissioner of veterans affairs must verify that the owner of  
1.21 the small business is a veteran, as defined in section 197.447.

1.22 Sec. 2. Minnesota Statutes 2014, section 16C.19, is amended to read:

1.23 **16C.19 ELIGIBILITY; RULES.**

2.1 (a) A small business wishing to participate in the programs under section 16C.16,  
2.2 subdivisions 4 to 7, must be certified by the commissioner. The commissioner shall adopt  
2.3 by rule standards and procedures for certifying that small targeted group businesses,  
2.4 small businesses located in economically disadvantaged areas, and veteran-owned small  
2.5 businesses are eligible to participate under the requirements of sections 16C.16 to 16C.21.  
2.6 The commissioner shall adopt by rule standards and procedures for hearing appeals and  
2.7 grievances and other rules necessary to carry out the duties set forth in sections 16C.16  
2.8 to 16C.21.

2.9 (b) The commissioner may make rules which exclude or limit the participation of  
2.10 nonmanufacturing business, including third-party lessors, brokers, franchises, jobbers,  
2.11 manufacturers' representatives, and others from eligibility under sections 16C.16 to 16C.21.

2.12 (c) The commissioner may make rules that set time limits and other eligibility limits  
2.13 on business participation in programs under sections 16C.16 to 16C.21.

2.14 (d) Notwithstanding paragraph (c), for purposes of sections 16C.16 to 16C.21, a  
2.15 veteran-owned small business, the principal place of business of which is in Minnesota,  
2.16 is certified if:

2.17 (1) it has been verified by the United States Department of Veterans Affairs as  
2.18 being either a veteran-owned small business or a service-disabled veteran-owned small  
2.19 business, in accordance with Public Law 109-461 and Code of Federal Regulations, title  
2.20 38, part 74-; or

2.21 (2) the veteran-owned small business supplies the commissioner with proof that the  
2.22 small business is majority-owned and operated by:

2.23 (i) a veteran as defined in section 197.447; or

2.24 (ii) a veteran with a service-connected disability, as determined at any time by the  
2.25 United States Department of Veterans Affairs.

2.26 (e) Until rules are adopted pursuant to paragraph (a) for the purpose of certifying  
2.27 veteran-owned small businesses, the provisions of Minnesota Rules, part 1230.1700, may  
2.28 be read to include veteran-owned small businesses. In addition to the documentation  
2.29 required in Minnesota Rules, part 1230.1700, the veteran owner must have been  
2.30 discharged under honorable conditions from active service, as indicated by the veteran  
2.31 owner's most current United States Department of Defense form DD-214.

2.32 Sec. 3. Minnesota Statutes 2014, section 375.771, subdivision 1, is amended to read:

2.33 Subdivision 1. **Definitions.** (a) The definitions in this subdivision apply to this  
2.34 section.

3.1 (b) "Award" means the granting of a contract in accordance with all applicable laws  
3.2 and rules governing competitive bidding, except as otherwise provided in this section.

3.3 (c) "Contract" means an agreement entered into between a business entity and the  
3.4 county for procurement of goods and services including both technical and nontechnical  
3.5 goods and services, printing, and construction.

3.6 (d) "County board" or "board" has the meaning given in section 375.01.

3.7 (e) "County purchasing department" has the meaning given in section 375.72.

3.8 (f) "Director of purchasing" has the meaning given in section 375.74.

3.9 (g) "State funds" means funds raised by the sale of general obligation bonds which  
3.10 are appropriated to the county or local government by the commissioner of management  
3.11 and budget to complete capital projects.

3.12 ~~(g)~~ (h) "Subcontractor" means a business entity that enters into a legally binding  
3.13 agreement with another business entity that is a party to a contract as defined in paragraph  
3.14 (c).

3.15 ~~(h)~~ (i) "Veteran" has the meaning given in section 197.447.

3.16 ~~(i)~~ (j) "Veteran-owned small business" means a business designated under section  
3.17 16C.16, subdivision 6a.

3.18 **EFFECTIVE DATE.** This section is effective the day following final enactment.

3.19 Sec. 4. Minnesota Statutes 2014, section 375.771, subdivision 2, is amended to read:

3.20 Subd. 2. **Policy; purpose; director.** (a) A county board may establish a program  
3.21 within the county in accordance with this section to provide a bid preference for  
3.22 awarding contracts to designated veteran-owned small businesses for the procurement of  
3.23 technical and nontechnical goods and services including, but not limited to, printing and  
3.24 construction, broadly defined to include all phases of the construction process. A county  
3.25 board must establish a bid-preference program for veteran-owned businesses for any  
3.26 capital project within its jurisdiction to improve land or buildings paid for in part or in  
3.27 whole with state funds.

3.28 (b) The purpose of this program is to facilitate the transition of veterans from  
3.29 military to civilian life, and to help compensate veterans for their sacrifices including, but  
3.30 not limited to, their sacrifice of health and time to the community, state, and nation during  
3.31 their military service, as well as to enhance economic development throughout Minnesota.

3.32 (c) The county board may direct the county director of purchasing, or other  
3.33 designated official within the county purchasing department, to administer this program in  
3.34 accordance with county policy established by the board.

4.1 **EFFECTIVE DATE.** This section is effective the day following final enactment.

4.2 Sec. 5. Minnesota Statutes 2014, section 469.44, is amended by adding a subdivision  
4.3 to read:

4.4 Subd. 10. **Veteran preference.** The city must award veteran-owned small businesses  
4.5 a six percent preference in the amount bid on a public infrastructure project funded by the  
4.6 issuance of general obligation bonds authorized in subdivision 3. Any business that has  
4.7 been certified under section 16C.19, paragraph (d), is eligible for this preference.

4.8 **EFFECTIVE DATE.** This section is effective the day following final enactment.

4.9 Sec. 6. Minnesota Statutes 2014, section 471.3457, is amended to read:

4.10 **471.3457 VETERAN-OWNED SMALL BUSINESS CONTRACTS.**

4.11 Subdivision 1. **Definitions.** For the purposes of this section:

4.12 (1) "local government" means a town or home rule charter or statutory city; ~~and~~

4.13 (2) "governing body" means the town board of supervisors or city council; and

4.14 (3) "state funds" means funds raised by the sale of general obligation bonds which  
4.15 are appropriated to the county or local government by the commissioner of management  
4.16 and budget to complete capital projects.

4.17 Subd. 2. **Authority.** The governing body of a local government may implement a  
4.18 program within its jurisdiction to provide a bid preference in awarding contracts as defined  
4.19 in section 471.345, and in awarding contracts for services, to designated veteran-owned  
4.20 small businesses, as provided in section 375.771; except that for projects which are funded  
4.21 in part or in whole with state funds, the governing body of a local government must  
4.22 implement a program to provide veteran-owned small businesses a bid preference as  
4.23 established in section 16C.16, subdivision 6a.

4.24 **EFFECTIVE DATE.** This section is effective the day following final enactment.

4.25 Sec. 7. **VETERAN-OWNED SMALL BUSINESS CERTIFICATION.**

4.26 \$100,000 is appropriated in fiscal year 2016 from the general fund to the  
4.27 commissioner of administration to use in developing and implementing a certification  
4.28 program for veteran-owned small businesses in accordance with Minnesota Statutes,  
4.29 section 16C.19.