# First Regular Session Seventy-second General Assembly STATE OF COLORADO

## **INTRODUCED**

LLS NO. 19-0099.02 Nicole Myers x4326

**SENATE BILL 19-135** 

#### SENATE SPONSORSHIP

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**Senate Committees**Business, Labor, & Technology

#### **House Committees**

	A BILL FOR AN ACT
101	CONCERNING METHODS TO DETERMINE WHETHER DISPARITIES
102	INVOLVING CERTAIN HISTORICALLY UNDERUTILIZED BUSINESSES
103	EXIST WITHIN THE STATE PROCUREMENT PROCESS, AND, IN
104	CONNECTION THEREWITH, COMMISSIONING A STUDY TO MAKE
105	SUCH DETERMINATION AND REQUIRING THE DEPARTMENT OF
106	PERSONNEL TO TRACK CONTRACTS AWARDED TO HISTORICALLY
107	UNDERUTILIZED BUSINESSES.

### **Bill Summary**

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <a href="http://leg.colorado.gov">http://leg.colorado.gov</a>.)

To ascertain whether disparities exist between the participation of historically underutilized businesses and other businesses in the state procurement system, the bill directs the department of personnel to contract for a disparity study of the Colorado procurement process and to make recommendations to address any discrepancies identified by the study.

The final report including the findings and recommendations from the study must be provided to the members of the general assembly and the executive director of the department of personnel (executive director) no later than December 1, 2020. The bill directs the executive director to transmit a copy of the final report to the minority business office, which shall post the report on its official website. In addition, the executive director is required to include the findings and recommendations from the study in its report to the applicable house and senate committees of reference during its hearing pursuant to the "State Measurement for Accountable, Responsive, and Transparent (SMART) Government Act".

The executive director is required to develop a method to track the number and percentage of all contracts entered into by all principal departments of the executive branch of state government, institutions of higher education, and the Colorado commission on higher education that are awarded during any calendar year to a historically underutilized business. The executive director is also required to make such information available on the department of personnel's website.

Any entity that is subject to the disparity study is required to respond to a request for information in connection with the study as soon as possible after receiving the request.

1 Be it enacted by the General Assembly of the State of Colorado: 2 **SECTION 1.** In Colorado Revised Statutes, **add** part 10 to article 3 103 of title 24 as follows: 4 **PART 10** 5 PROCUREMENT DISPARITY STUDY 6 **24-103-1001.** Legislative declaration. (1) THE GENERAL 7 ASSEMBLY HEREBY FINDS, DETERMINES, AND DECLARES THAT: 8 (a) IT IS IMPERATIVE AND THE PUBLIC POLICY OF COLORADO THAT 9 THE STATE PROCUREMENT PROCESS BE FREE FROM BIAS SO THAT ALL 10 QUALIFIED PERSONS AND ENTITIES MAY COMPETE FOR STATE BUSINESS;

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1	(D) A FAIR PROCUREMENT PROCESS NOT ONLY ENSURES JUSTICE
2	AND FAIRNESS IN STATE CONTRACTING BUT WILL BROADEN THE
3	PROCUREMENT CONTRACTOR POOL, WHICH WILL RESULT IN EFFICIENCIES
4	STATEWIDE AND, AS WARRANTED, PROMOTE THE GROWTH OF
5	HISTORICALLY UNDERUTILIZED BUSINESSES, THEREBY CREATING JOBS AND
6	STIMULATING THE STATE'S ECONOMY;
7	(c) ALTHOUGH STUDIES ESTABLISHING DISCRIMINATION IN
8	PROCUREMENT FOR CERTAIN INDUSTRIES OR IN CERTAIN LOCALITIES HAVE
9	BEEN CONDUCTED, A COMPREHENSIVE ANALYSIS OF STATE CONTRACTS
10	AWARDED TO HISTORICALLY UNDERUTILIZED BUSINESSES HAS NOT YET
11	BEEN COMMISSIONED;
12	(d) THE UNITED STATES SUPREME COURT HAS RECOGNIZED THAT
13	DISPARITY STUDIES ARE TOOLS THAT SEEK TO QUALIFY AND QUANTIFY
14	PAST DISCRIMINATION AND RECOMMEND CERTAIN CORRECTIVE MEASURES
15	AS MAY BE WARRANTED BY THE STUDY'S FINDINGS;
16	(e) IF ANY DISPARITIES EXIST, SUCH A STUDY IS ESSENTIAL TO THE
17	ULTIMATE ACHIEVEMENT OF A MARKETPLACE IN WHICH HISTORICALLY
18	UNDERUTILIZED BUSINESSES ARE NOT SUBJECT TO DISCRIMINATION AND
19	CAN OBTAIN A FAIR MARKET SHARE OF CONTRACT EXPENDITURES; AND
20	(f) THEREFORE, IT IS THE INTENT OF THE GENERAL ASSEMBLY,
21	CONSISTENT WITH THE CODE'S STATED POLICIES OF ENSURING THE FAIR
22	AND EQUITABLE TREATMENT OF PERSONS WHO DEAL WITH THE
23	PROCUREMENT SYSTEM AND FOSTERING EFFECTIVE BROAD-BASED
24	COMPETITION WITHIN THE FREE ENTERPRISE SYSTEM, THAT AN
25	INDEPENDENT STUDY BE COMMISSIONED TO:
26	(I) DETERMINE THE FREQUENCY WITH WHICH STATE CONTRACTS
27	ARE AWARDED TO HISTORICALLY UNDERLITHIZED BUSINESSES AND THE

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1	MONETARY AMOUNTS OF SUCH AWARDS, COMPARED TO THE FREQUENCY
2	AND SIZE OF CONTRACTS AWARDED TO OTHER BUSINESSES; AND
3	(II) TO THE EXTENT THAT THE STUDY ESTABLISHES THAT
4	DISPARITIES ATTRIBUTABLE TO PAST OR PRESENT DISCRIMINATION EXIST
5	OR INHERE IN THE STATE PROCUREMENT PROCESS, TO RECOMMEND
6	REMEDIAL MEASURES TO ADDRESS THE EFFECTS OF THAT DISCRIMINATION.
7	<b>24-103-1002. Definitions.</b> AS USED IN THIS PART 10, UNLESS THE
8	CONTEXT OTHERWISE REQUIRES:
9	(1) "CONTRACT" HAS THE SAME MEANING AS SET FORTH IN
10	SECTION 24-101-301 (9) AND INCLUDES PUBLIC-PRIVATE PARTNERSHIPS
11	AND OTHER AGREEMENTS FOR PUBLIC-PRIVATE FINANCING.
12	(2) "CONTRACTOR" MEANS ANY PERSON WHO IS A PARTY TO A
13	CONTRACT.
14	(3) "HISTORICALLY UNDERUTILIZED BUSINESS" MEANS A BUSINESS:
15	(a) THAT IS AT LEAST FIFTY-ONE PERCENT OWNED BY ONE OR MORE
16	INDIVIDUALS WHO ARE:
17	(I) United States citizens or permanent resident aliens;
18	AND
19	(II) ONE OR MORE OF THE FOLLOWING:
20	(A) MEMBERS OF A RACIAL OR ETHNIC MINORITY GROUP;
21	(B) NON-HISPANIC CAUCASIAN WOMEN;
22	(C) PERSONS WITH PHYSICAL OR MENTAL DISABILITIES; OR
23	(D) MEMBERS OF THE LESBIAN, GAY, BISEXUAL, AND
24	TRANSGENDER COMMUNITY; AND
25	(b) FOR WHICH THE MINORITY OWNERSHIP CONTROLS BOTH THE
26	MANAGEMENT AND DAY-TO-DAY BUSINESS DECISIONS.
27	(A) "PERSONS WITH DHVSICAL OR MENTAL DISABILITIES" MEANS

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1	PERSONS WHO:
2	(a) HAVE IMPAIRMENTS THAT SUBSTANTIALLY LIMIT ONE OR MORE
3	MAJOR LIFE ACTIVITIES;
4	(b) ARE REGARDED GENERALLY BY THE COMMUNITY AS HAVING
5	A DISABILITY; AND
6	(c) Whose disabilities substantially limit their abilities to
7	ENGAGE IN COMPETITIVE BUSINESS.
8	(5) "RACIAL OR ETHNIC MINORITY GROUP" MEANS:
9	(a) AFRICAN AMERICAN PERSONS, MEANING INDIVIDUALS HAVING
10	ORIGINS IN ANY OF THE BLACK RACIAL GROUPS;
11	(b) HISPANIC AMERICAN PERSONS, INCLUDING PERSONS OF
12	MEXICAN, PUERTO RICAN, CUBAN, CENTRAL OR SOUTH AMERICAN, OR
13	OTHER SPANISH OR PORTUGUESE CULTURE OR ORIGIN, REGARDLESS OF
14	RACE;
15	(c) ASIAN AMERICAN PERSONS, INCLUDING PERSONS WHOSE
16	ORIGINS ARE FROM JAPAN, CHINA, TAIWAN, KOREA, VIETNAM, LAOS,
17	CAMBODIA, THE PHILIPPINES, SAMOA, THE UNITED STATES TERRITORIES
18	OF THE PACIFIC, OR THE NORTHERN MARIANA ISLANDS; OR PERSONS
19	WHOSE ORIGINS ARE FROM SUBCONTINENT ASIA, INCLUDING PERSONS
20	WHOSE ORIGINS ARE FROM INDIA, PAKISTAN, BANGLADESH, SRI LANKA,
21	BHUTAN, OR NEPAL; OR
22	(d) Native American persons, including persons who are
23	AMERICAN INDIANS, ESKIMOS, ALEUTS, OR HAWAIIANS OF POLYNESIAN
24	DESCENT.
25	(6) "SUBCONTRACTOR" MEANS ANY PERSON WHO IS A PARTY TO A
26	CONTRACT WITH A CONTRACTOR.
27	<b>24-103-1003. Disparity study - report.</b> (1) (a) THE EXECUTIVE

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1	DIRECTOR SHALL COMMISSION A STATE DISPARITY STUDY REGARDING THE
2	PARTICIPATION OF HISTORICALLY UNDERUTILIZED BUSINESSES IN STATE
3	CONTRACTS ENTERED INTO BY ALL PRINCIPAL DEPARTMENTS OF THE
4	EXECUTIVE BRANCH OF STATE GOVERNMENT AS SPECIFIED IN SECTION
5	24-1-110, INCLUDING ANY DIVISION, OFFICE, AGENCY, OR OTHER UNIT
6	CREATED WITHIN A PRINCIPAL DEPARTMENT AND INCLUDING INSTITUTIONS
7	OF HIGHER EDUCATION AND THE COLORADO COMMISSION ON HIGHER
8	EDUCATION; EXCEPT THAT THE STUDY SHALL NOT INCLUDE THOSE
9	ENTITIES THAT HAVE ELECTED TO BE EXEMPT FROM THE CODE PURSUANT
10	TO SECTION 24-101-105 (1)(b). THE STUDY SHALL INCLUDE STATE
11	CONTRACTS ENTERED INTO DURING THE 2014-15, 2015-16, 2016-17, AND
12	2017-18 STATE FISCAL YEARS.
13	(b) (I) THE STUDY MUST BE CONDUCTED, AND A FINAL REPORT
14	PREPARED, BY AN ENTITY INDEPENDENT OF THE DEPARTMENT THAT IS
15	SELECTED IN RESPONSE TO A REQUEST FOR PROPOSAL ISSUED IN
16	ACCORDANCE WITH THIS CODE.
17	(II) THE ENTITIES SUBJECT TO THE STUDY PURSUANT TO
18	SUBSECTION (1)(a) OF THIS SECTION SHALL COOPERATE FULLY WITH THE
19	INDEPENDENT CONTRACTOR ENGAGED TO CONDUCT THE STUDY.
20	(c) THE STUDY AND FINAL REPORT SETTING FORTH THE STUDY'S
21	METHODOLOGIES, FINDINGS, AND RECOMMENDATIONS MUST BE PROVIDED
22	BY DECEMBER 1, 2020, TO:
23	(I) THE MEMBERS OF THE GENERAL ASSEMBLY; AND
24	(II) THE EXECUTIVE DIRECTOR, WHO SHALL TRANSMIT A COPY OF
25	THE DISPARITY STUDY FINAL REPORT PRODUCED PURSUANT TO THIS
26	SECTION TO THE DIRECTOR OF THE MINORITY BUSINESS OFFICE CREATED
27	IN SECTION 24-49.5-102, WHICH SHALL POST THE REPORT ON THAT

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1	OFFICE'S OFFICIAL WEBSITE.
2	(d) The executive director or the executive director's
3	DESIGNEE SHALL INCLUDE THE FINDINGS AND RECOMMENDATIONS FROM
4	THE FINAL REPORT REQUIRED BY SUBSECTION (1)(c) OF THIS SECTION IN
5	ITS REPORT TO THE APPLICABLE HOUSE AND SENATE COMMITTEES OF
6	REFERENCE REQUIRED BY THE "STATE MEASUREMENT FOR
7	ACCOUNTABLE, RESPONSIVE, AND TRANSPARENT (SMART)
8	GOVERNMENT ACT", PART 2 OF ARTICLE 7 OF TITLE 2.
9	(2) (a) The purposes of the disparity study undertaken
10	PURSUANT TO THIS SECTION ARE:
11	(I) TO DETERMINE WHETHER THERE IS A DISPARITY BETWEEN THE
12	NUMBER OF QUALIFIED HISTORICALLY UNDERUTILIZED BUSINESSES THAT
13	ARE READY, WILLING, AND ABLE TO PERFORM STATE CONTRACTS FOR
14	GOODS AND SERVICES, AND THE NUMBER OF SUCH CONTRACTORS
15	ACTUALLY ENGAGED TO PERFORM SUCH CONTRACTS, WHICH INFORMATION
16	MUST BE ASCERTAINED BY EVALUATING THE PRIME CONTRACTS AND
17	SUBCONTRACTS AWARDED IN THE FOLLOWING INDUSTRIES:
18	(A) CONSTRUCTION, INCLUDING NEW CONSTRUCTION,
19	REMODELING, RENOVATION, MAINTENANCE, DEMOLITION AND REPAIR OF
20	ANY PUBLIC STRUCTURE OR BUILDING, PIPELINE CONSTRUCTION, AND
21	OTHER PUBLIC IMPROVEMENTS;
22	(B) ARCHITECTURE AND ENGINEERING, INCLUDING CONSTRUCTION
23	MANAGEMENT, LANDSCAPE ARCHITECTURE, PLANNING, SURVEYING,
24	MAPPING SERVICES, AND DESIGN, BUILD, AND CONSTRUCTION SERVICES;
25	(C) PROFESSIONAL SERVICES, INCLUDING LEGAL SERVICES,
26	ACCOUNTING, INFORMATION TECHNOLOGY SERVICES, MEDICAL SERVICES,
27	TECHNICAL SERVICES, RESEARCH PLANNING, AND CONSULTING SERVICES;

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1	(D) Brokerage and investment, including banking, asset
2	MANAGEMENT, STATE RETIREMENT, AND PENSION SERVICES; AND
3	(E) GOODS AND SERVICES THAT MAY BE PROVIDED OR PERFORMED
4	WITHOUT PROFESSIONAL LICENSURE OR SPECIAL EDUCATION OR TRAINING,
5	INCLUDING, BUT NOT LIMITED TO, GOODS AND SERVICES RELATING TO
6	MATERIALS, SUPPLIES, EQUIPMENT, MAINTENANCE, PERSONNEL,
7	PHARMACEUTICALS, AND FOOD;
8	(II) TO DETERMINE WHETHER, OF THE TOTAL AMOUNT SPENT ON
9	STATE CONTRACTS IN A FISCAL YEAR, THERE IS A DISPARITY BETWEEN THE
10	PERCENTAGE OF SPENDING ATTRIBUTABLE TO CONTRACTS AWARDED TO
11	QUALIFIED HISTORICALLY UNDERUTILIZED BUSINESSES AND THE
12	PERCENTAGE OF STATE CONTRACTS THAT WERE AWARDED TO
13	HISTORICALLY UNDERUTILIZED BUSINESSES IN THAT FISCAL YEAR; AND
14	(III) TO DETERMINE WHAT CHANGES, IF ANY, SHOULD BE MADE TO
15	STATE POLICIES AFFECTING HISTORICALLY UNDERUTILIZED BUSINESSES.
16	(b) The disparity study must specifically include the
17	FOLLOWING ANALYSES, BOTH FOR THE HISTORICALLY UNDERUTILIZED
18	BUSINESSES AS A GROUP AND FOR EACH SUBGROUP, AS SET FORTH IN
19	SECTION 24-103-1002 (3)(a)(II):
20	(I) A PRIME CONTRACTOR UTILIZATION ANALYSIS THAT PRESENTS
21	THE DISTRIBUTION OF PRIME CONTRACTS BY INDUSTRY;
22	(II) A SUBCONTRACTOR UTILIZATION ANALYSIS THAT PRESENTS
23	THE DISTRIBUTION OF SUBCONTRACTS BY THE INDUSTRIES DESCRIBED IN
24	SUBSECTION (2)(a)(I) OF THIS SECTION;
25	(III) A MARKET AREA ANALYSIS THAT PRESENTS THE LEGAL BASIS
26	FOR THE GEOGRAPHICAL MARKET AREA DETERMINATION AND DEFINES THE
27	STATE'S MADKET ADEA:

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1	(IV) A PRIME CONTRACTOR AND SUBCONTRACTOR AVAILABILITY
2	ANALYSIS THAT PRESENTS THE DISTRIBUTION OF AVAILABLE BUSINESSES
3	IN THE STATE'S MARKET AREA;
4	(V) A PRIME CONTRACTOR DISPARITY ANALYSIS THAT PRESENTS
5	PRIME CONTRACTOR UTILIZATION COMPARED TO PRIME CONTRACTOR
6	AVAILABILITY BY INDUSTRY AND DETERMINES WHETHER THE COMPARISON
7	IS STATISTICALLY SIGNIFICANT;
8	(VI) A SUBCONTRACTOR DISPARITY ANALYSIS THAT PRESENTS
9	SUBCONTRACTOR UTILIZATION COMPARED TO SUBCONTRACTOR
10	AVAILABILITY BY INDUSTRY AND DETERMINES WHETHER THE COMPARISON
11	IS STATISTICALLY SIGNIFICANT;
12	(VII) A QUALITATIVE ANALYSIS THAT PRESENTS THE BUSINESS
13	COMMUNITY'S EXPERIENCES AND PERCEPTIONS OF BARRIERS
14	ENCOUNTERED IN CONTRACTING OR ATTEMPTING TO CONTRACT WITH THE
15	STATE; AND
16	(VIII) RECOMMENDATIONS REGARDING BEST MANAGEMENT
17	PRACTICES AND WAYS TO ENHANCE COLORADO'S CONTRACTING AND
18	PROCUREMENT ACTIVITIES WITH HISTORICALLY UNDERUTILIZED
19	BUSINESSES.
20	(c) (I) ANY CONCLUSION THAT DISCRIMINATION-RELATED
21	DISPARITY EXISTS BETWEEN THE AVAILABILITY AND UTILIZATION OF
22	HISTORICALLY UNDERUTILIZED BUSINESSES MUST BE SUPPORTED BY
23	STATISTICAL EVIDENCE AND MAY BE SUPPLEMENTED OR SUPPORTED BY
24	ANECDOTAL EVIDENCE.
25	(II) IF THE ANALYSIS SUPPORTS A FINDING THAT SUCH DISPARITY
26	EXISTS, THE REPORT MUST INCLUDE RECOMMENDATIONS TO ADDRESS THE
27	DISPARITY, INCLUDING ANY STATUTORY CHANGES LIKELY TO CURE,

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1	MITIGATE, OR REDRESS SUCH DISPARITY. ANY PROPOSED REMEDIAL
2	MEASURES MUST BE TAILORED TO ADDRESS DOCUMENTED STATISTICAL
3	DISPARITIES IN PROCUREMENT POLICIES.
4	24-103-1004. Contract awards to historically underutilized
5	<b>businesses - tracking.</b> (1) The executive director shall develop a
6	METHOD TO TRACK THE NUMBER AND PERCENTAGE OF ALL CONTRACTS
7	ENTERED INTO BY ALL PRINCIPAL DEPARTMENTS OF THE EXECUTIVE
8	BRANCH OF STATE GOVERNMENT AS SPECIFIED IN SECTION 24-1-110,
9	INCLUDING ANY DIVISION, OFFICE, AGENCY, OTHER UNIT CREATED WITHIN
10	A PRINCIPAL DEPARTMENT, INSTITUTIONS OF HIGHER EDUCATION, AND THE
11	COLORADO COMMISSION ON HIGHER EDUCATION, THAT ARE AWARDED
12	DURING ANY CALENDAR YEAR TO A HISTORICALLY UNDERUTILIZED
13	BUSINESS. THE EXECUTIVE DIRECTOR IS NOT REQUIRED TO TRACK
14	CONTRACTS AWARDED BY ENTITIES THAT HAVE ELECTED TO BE EXEMPT
15	FROM THE CODE PURSUANT TO SECTION 24-101-105 (1)(b).
16	(2) TO ALLOW THE EXECUTIVE DIRECTOR TO TRACK CONTRACTS AS
17	REQUIRED BY SUBSECTION (1) OF THIS SECTION, THE DEPARTMENT OF
18	PERSONNEL MAY REQUIRE VENDORS TO IDENTIFY SUBCONTRACTORS AND
19	INDIRECT SPENDING UPON REQUEST BY THE DEPARTMENT.
20	(3) THE EXECUTIVE DIRECTOR SHALL ENSURE THAT DATA
21	REGARDING THE OWNERSHIP OF THE HISTORICALLY UNDERUTILIZED
22	BUSINESS IS AVAILABLE AND SHALL MAKE THE DATA FROM SUCH
23	TRACKING AVAILABLE ON THE DEPARTMENT OF PERSONNEL'S WEBSITE.
24	(4) THE EXECUTIVE DIRECTOR SHALL BEGIN TRACKING CONTRACTS
25	AS REQUIRED BY SUBSECTION (1) OF THIS SECTION FOR NEW CONTRACTS
26	FOR WHICH THE COMPETITIVE SOLICITATION WAS ISSUED ON OR AFTER
27	January 1, 2020.

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1	24-103-1005. Requests for information - disparity study. THE
2	EXECUTIVE DIRECTOR OR THE ENTITY THAT THE EXECUTIVE DIRECTOR
3	COMMISSIONS TO CONDUCT A DISPARITY STUDY PURSUANT TO SECTION
4	24-103-1003 MAY REQUEST INFORMATION IN FURTHERANCE OF THE
5	DISPARITY STUDY FROM EACH ENTITY THAT IS SUBJECT TO THE STUDY,
6	INCLUDING EACH PRINCIPLE DEPARTMENT OF THE EXECUTIVE BRANCH OF
7	STATE GOVERNMENT AS SPECIFIED IN SECTION 24-1-110, INCLUDING ANY
8	DIVISION, OFFICE, AGENCY, OR OTHER UNIT CREATED WITHIN A PRINCIPLE
9	DEPARTMENT, AND INCLUDING INSTITUTIONS OF HIGHER EDUCATION AND
10	THE COLORADO COMMISSION ON HIGHER EDUCATION; EXCEPT THAT SUCH
11	REQUESTS MAY NOT BE MADE OF ENTITIES THAT HAVE ELECTED TO BE
12	EXEMPT FROM THE CODE PURSUANT TO SECTION 24-101-105 (1)(b). EACH
13	ENTITY THAT IS SUBJECT TO THE DISPARITY STUDY SHALL RESPOND TO ANY
14	SUCH REQUEST FOR INFORMATION IN FURTHERANCE OF THE DISPARITY
15	STUDY AS SOON AS PRACTICABLE AFTER RECEIVING THE REQUEST.
16	<b>SECTION 2. Effective date.</b> This act takes effect July 1, 2019.
17	SECTION 3. Safety clause. The general assembly hereby finds,
18	determines, and declares that this act is necessary for the immediate
19	preservation of the public peace, health, and safety.

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