



**Governor Ned Lamont  
State of Connecticut**



FACT SHEET  
2020 Legislative Session

**HOUSE BILL 5012  
AN ACT CONCERNING THE OPTIMIZATION OF STATE AGENCY  
OPERATIONS AND SERVICES**

**Summary of Proposal:**

**Section 1** amends 32-39e, the Connecticut Innovation, Inc.'s test-bed technology statute to allow the state to more easily enter into contracts for innovative technology, processes or products that can promote efficiency or reduce burdens. The proposal gives DAS and OPM the ability to work with CI and interested agencies to identify CT-based companies that have innovative solutions to agency problems. This language allows agencies to test such solutions within a curated environment; thereby encouraging agencies to explore creative solutions while minimizing risk to the state. This proposal also positions the state to encourage the growth of Connecticut businesses.

**Sections 2 and 3 further the Governor's Digital Government initiative to eliminate obstacles to the streamlining of online services.** Specifically, they achieve three objectives:

1. Replace language mandating a particular type of communication method (i.e. U.S. Mail, registered mail, return receipt, newspaper advertisement) with language giving agencies the discretion to use digital communications, including digital verification of receipt in situations where verification of receipt is essential;
2. Replace language mandating a particular type of payment method (i.e. in-person transaction, cash payment, checks) with language giving agencies the discretion to use online payment methods; and
3. Where existing statute requires an affidavit or notarized document, allow digital identity proofing as an alternative. DAS is charged with developing standards for digital identity proofing.

**Sections 4-10 eliminate unnecessary bureaucracy in the procurement process without compromising the State's high standards for fair and ethical contracting.** Specifically, they streamline the process by which vendors demonstrate acceptance and compliance with existing State ethics laws, past executive orders and other non-discrimination laws. Instead of requiring vendors to print, find a notary, sign, upload as a .pdf multiple forms (90,000 annually), the required language will be incorporated into the contracts

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themselves. This proposal eliminates the red tape but does not reduce any of the underlying legal protections and does not add any new compliance obligations.

**Sections 11-13 amend the definition of a small contractor for purposes of the state's set-aside laws.** Under existing law, a "small contractor" is defined as an entity that (1) maintains its principal place of business in Connecticut; (2) that has gross revenues not exceeding 20 million dollars in the prior fiscal year; and (3) is independent. The statute's equation of "small" with a specific gross revenue amount has been challenged frequently over the years, by both members of both parties and members of the public, who have argued that using a specific gross revenue amount is both over-inclusive and under-inclusive and have advocated for utilizing industry-specific definitions of "small" instead. DAS has agreed that industry-specific standards would be a better way of determining which businesses are truly "small" for their industry, and thus, are in need of the assistance provided by the set-aside program; however, DAS does not have the internal resources or expertise necessary to establish valid size standards for every industry.

The federal Small Business Administration, on the other hand, is an entire well-established agency that does possess the necessary resources and expertise. **To avoid the fiscal impact of creating "homegrown" size standards and to improve the efficiency of the certification program, DAS therefore proposes to change the CT definition of "small business" to a Connecticut-based business that is certified as a small business by the federal Small Business Administration.**

This change would create a more rational, data-driven, basis for defining small contractors; simplify and expedite the CT certification process, thus enabling DAS to more efficiently use its limited resources and benefiting the contractors.

**Section 14** gives DAS the option to use the reverse auction method to competitively procure services. Under current law, the use of reverse auctions is limited to contracts for goods and supplies.

**Reason for Proposal:**

To implement the Governor's budget recommendations.