

## **BILL ANALYSIS**

S.B. 327  
By: Van de Putte  
State Affairs  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Some nonprofit veterans service organizations qualify as tax-exempt charitable organizations under provisions of the federal Internal Revenue Code of 1986. Such organizations engage primarily in providing housing assistance, substance abuse treatment, case management, and employment training for low-income veterans, disabled veterans, homeless veterans, and, in some cases, the veterans' families. In addition, many veterans service organizations in Texas engage in business endeavors such as manufacturing, packaging, and maintenance services. These business entities not only provide quality products and services for consumers, they create jobs for veterans and help generate revenue to be reinvested into the businesses. However, a veterans service organization is not defined as a small business and consequently is unable to bid on state procurement opportunities under state law as such.

S.B. 327 seeks to address the limitations on a veterans service organization's opportunity to compete for state procurement contracts by providing for the treatment of such an organization as a small business for state contracting purposes..

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

S.B. 327 amends the Government Code to redefine "small business" for the purpose of state contracting to include a veterans service agency. The bill defines "veterans service agency" as a community-based organization that is exempt from taxation under the federal Internal Revenue Code of 1986; has as its principal purpose to provide housing, substance abuse treatment, case management services, and employment training to low-income veterans, disabled veterans, and homeless veterans and their families; and employs veterans to provide at least 75 percent of the hours of direct labor by individuals required to produce goods or provide services under provisions relating to historically underutilized and small businesses.

S.B. 327 makes its provisions applicable only to a contract for the procurement of goods and services for which the solicitation of bids or proposals, request for proposals, or similar required notification as to the goods or services is published on or after September 1, 2011. The bill provides that a contract for the procurement of goods and services for which the solicitation of bids or proposals, request for proposals, or similar required notification as to the goods or services is published before September 1, 2011, is governed by the law in effect at the time the solicitation, request, or notification is published.

### **EFFECTIVE DATE**

On passage, or, if the bill does not receive the necessary vote, September 1, 2011.