Senate

General Assembly

File No. 479

January Session, 2025

Substitute Senate Bill No. 525

Senate, April 3, 2025

The Committee on Labor and Public Employees reported through SEN. KUSHNER of the 24th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING THE SELECTION OF CONTRACTORS FOR PUBLIC WORKS PROJECTS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. (NEW) (*Effective October 1, 2025*) Notwithstanding the provisions of sections 4a-57 and 4a-59 of the general statutes, a contracting agency shall give preference to manufacturers, fabricators and erectors located within the state when selecting a contractor to award a contract for the construction, reconstruction, alteration, remodeling, repair or demolition of any public building or other public works projects administered by the state or its agents and, if no such manufacturer, fabricator or erector is available, to manufacturers, fabricators and erectors located in the United States. For purposes of this section, "contracting agency" has the same meaning as provided in section 4e-1 of the general statutes.

This act shall take effect as follows and shall amend the following sections:		
Section 1	*October 1, 2025*	New section

LAB *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 26 $	FY 27 $
Department of Administrative Services	GF - Cost	227,000	227,000
State Comptroller - Fringe Benefits[1]	GF - Cost	92,412	92,412
Various State Agencies	GF - Potential Cost	See Below	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill requires state contracting agencies to give preference to in-state contractors when awarding certain contracts, bypassing the current requirement to use competitive bidding to award contracts to the lowest responsible qualified bidder. This results in a potential cost to the state to the extent higher cost contracts are chosen for future projects.

The bill results in a cost of $227,000 to DAS in FY 26 and FY 27 for salary expenses and $92,412 in FY 26 and FY 27 to the State Comptroller – Fringe Benefits to hire a bidding specialist and a staff attorney to help with the amended bidding and selection process.

The Out Years

[1]The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 40.71% of payroll in FY 26.

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis
sSB 525

AN ACT CONCERNING THE SELECTION OF CONTRACTORS FOR PUBLIC WORKS PROJECTS.

SUMMARY

This bill requires state contracting agencies to give a preference to manufacturers, fabricators, and erectors located in the state when awarding contracts to build, renovate, or demolish a public building or public works project administered by the state or its agents. If these in-state contractors are not available, the agencies must give preference to those contractors located in the U.S. The bill's requirement applies regardless of state contracting laws that generally require the state to use competitive bidding to award contracts to the lowest responsible qualified bidder.

Under the bill, state contracting agencies include any executive branch agency, board, commission, department, office, institution, or council. They do not include the judicial branch, the legislative branch, or the offices of the constitutional officers.

Existing law, unchanged by the bill, generally requires state contracting agencies to give a preference to in-state contractors when all other factors are equal (CGS § 4a-59(c)). It also requires the administrative services commissioner to develop and implement a program to increase the number of state contracts awarded to resident bidders through an in-state contract preference or other method that does not violate the U.S. Constitution's Commerce Clause (CGS § 4a-57d(b)).

(The bill does not specify how or the extent to which contracting agencies must give a preference to in-state contractors, or how to determine whether they are located in the state. Depending on how the

bill's preference is implemented, it could implicate the U.S. Constitution's Commerce Clause (U.S. Const. Art. I, § 8).

EFFECTIVE DATE: October 1, 2025

BACKGROUND

Dormant Commerce Clause

The Commerce Clause gives Congress the power to regulate commerce among the states. It has also been held to mean that states cannot pass laws that improperly burden or discriminate against interstate commerce. Under the so-called "dormant" Commerce Clause doctrine, it is generally held that a law that does not discriminate on its face, supports a legitimate state interest, and only incidentally burdens interstate commerce is constitutional unless the burden is excessive in relation to local benefits.

COMMITTEE ACTION

Labor and Public Employees Committee

Joint Favorable Substitute
Yea 9 Nay 4 (03/18/2025)