

# STATE OF NEW YORK

7578--B

Cal. No. 828

2021-2022 Regular Sessions

## IN SENATE

December 8, 2021

Introduced by Sens. MANNION, CLEARE, JORDAN, PALUMBO, SKOUFIS, THOMAS -- read twice and ordered printed, and when printed to be committed to the Committee on Rules -- recommitted to the Committee on Procurement and Contracts in accordance with Senate Rule 6, sec. 8 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee -- reported favorably from said committee, ordered to first and second report, ordered to a third reading, amended and ordered reprinted, retaining its place in the order of third reading

AN ACT to amend the state finance law, in relation to preferred source status for entities that provide employment to certain persons; and providing for the repeal of certain provisions upon the expiration thereof

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Paragraphs d, e and f of subdivision 2, subparagraph (iii)  
2 of paragraph a and the opening paragraph of paragraph b of subdivision 4  
3 of section 162 of the state finance law, paragraphs d and e of subdivi-  
4 sion 2 as amended and paragraph f of subdivision 2 as added by chapter  
5 501 of the laws of 2002, subparagraph (iii) of paragraph a and the open-  
6 ing paragraph of paragraph b of subdivision 4 as added by chapter 83 of  
7 the laws of 1995, are amended to read as follows:  
8 d. Commodities and services produced by any qualified charitable non-  
9 profit-making agency for other [~~severely~~] disabled persons approved for  
10 such purposes by the commissioner of education, or incorporated under  
11 the laws of this state and approved for such purposes by the commission-  
12 er of education;  
13 e. Commodities and services produced by a qualified veterans' [~~work-~~  
14 ~~shop~~] entity providing job and employment-skills training to veterans  
15 where such a [~~workshop~~] entity is operated by the United States depart-  
16 ment of veterans affairs and is manufacturing products or performing

EXPLANATION--Matter in italics (underscored) is new; matter in brackets [-] is old law to be omitted.

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1 services within this state and where such [~~workshop~~] entity is approved  
2 for such purposes by the commissioner of education; or

3 f. Commodities and services produced by any qualified charitable non-  
4 profit-making [~~workshop~~] entity for veterans approved for such purposes  
5 by the commissioner of education, or incorporated under the laws of this  
6 state and approved for such purposes by the commissioner of education.

7 (iii) When commodities are available, in the form, function and utili-  
8 ty required by, a state agency or political subdivision or public bene-  
9 fit corporation having their own purchasing agency, and such commodities  
10 are not available pursuant to subparagraphs (i) and (ii) of this para-  
11 graph, said commodities shall then be purchased from a qualified non-  
12 profit-making agency for other [~~severely~~] disabled persons, a qualified  
13 special employment program for mentally ill persons, or a qualified  
14 veterans' [~~workshop~~] entity; provided, however, the preferred source  
15 shall perform fifty percent or more of the work;

16 When services are available, in the form, function and utility  
17 required by, a state agency or political subdivision or public benefit  
18 corporation having their own purchasing agency, equal priority shall be  
19 accorded the services rendered and offered for sale by qualified non-  
20 profit-making agencies for the blind and those for the other [~~severely~~]  
21 disabled, by qualified special employment programs for mentally ill  
22 persons and by qualified veterans' [~~workshops~~] entities; provided,  
23 however, the preferred source shall perform fifty percent or more of the  
24 work. In the case of services:

25 § 2. Subdivisions 6, 7 and 8 of section 162 of the state finance law,  
26 subdivisions 6 and 8 as added by chapter 83 of the laws of 1995,  
27 paragraphs a and d of subdivision 6 as amended by section 164 of subpart  
28 B of part C of chapter 62 of the laws of 2011, paragraph e of subdivi-  
29 sion 6 as amended by chapter 265 of the laws of 2013, subdivision 7 as  
30 amended by chapter 426 of the laws of 2002 and paragraph a of subdivi-  
31 sion 8 as amended by chapter 95 of the laws of 2000, are amended to read  
32 as follows:

33 6. Prices charged by agencies for the blind, other [~~severely~~] disabled  
34 and veterans' [~~workshops~~] entity.

35 a. Except with respect to the correctional industries program of the  
36 department of corrections and community supervision, it shall be the  
37 duty of the commissioner to determine, and from time to time review, the  
38 prices of all commodities and to approve the price of all services  
39 provided by preferred sources as specified in this section offered to  
40 state agencies, political subdivisions or public benefit corporations  
41 having their own purchasing office. The commissioner's price review and  
42 approval shall not be required for any purchases below one hundred thou-  
43 sand dollars.

44 b. In determining and revising the prices of such commodities or  
45 services, consideration shall be given to the reasonable costs of labor,  
46 materials and overhead necessarily incurred by such preferred sources  
47 under efficient methods of procurement, production, performance and  
48 administration; however, the prices of such products and services shall  
49 be as close to prevailing market price as practicable, but in no event  
50 greater than fifteen percent above[~~7~~] the prevailing market prices  
51 [~~among responsive offerors~~] for the same or equivalent commodities or  
52 services.

53 c. Such qualified charitable non-profit-making agencies for the blind  
54 and other [~~severely~~] disabled may make purchases of materials, equipment  
55 or supplies, except printed material, from centralized contracts for  
56 commodities in accordance with the conditions set by the office of

1 general services; provided that the qualified charitable non-profit-making  
2 agency for the blind or other [~~severely~~] disabled shall accept sole  
3 responsibility for any payment due the vendor.

4 d. Such qualified charitable non-profit-making agencies for the blind  
5 and other [~~severely~~] disabled may make purchases of materials, equipment  
6 and supplies directly from the correctional industries program adminis-  
7 tered by the commissioner of corrections and community supervision,  
8 subject to such rules as may be established from time to time pursuant  
9 to the correction law; provided that the qualified charitable non-pro-  
10 fit-making agency for the blind or other [~~severely~~] disabled shall  
11 accept sole responsibility for any payment due the department of  
12 corrections and community supervision.

13 e. The commissioner of the office of children and family services  
14 shall appoint the New York state commission for the blind, or other  
15 non-profit-making agency, other than the agency representing the other  
16 [~~severely~~] disabled, to facilitate the distribution of orders among  
17 qualified non-profit-making charitable agencies for the blind. The state  
18 commissioner of education shall appoint a non-profit-making agency,  
19 other than the agency representing the blind, to facilitate the distrib-  
20 ution of orders among qualified non-profit-making charitable agencies  
21 for the other [~~severely~~] disabled and the veterans' [~~workshops~~]  
22 entities. The state commissioner of mental health shall facilitate the  
23 distribution of orders among qualified special employment programs oper-  
24 ated or approved by the office of mental health serving mentally ill  
25 persons.

26 f. The commissioner may request the state comptroller to conduct  
27 audits and examinations to be made of all records, books and data of any  
28 agency for the blind or the other [~~severely~~] disabled, any special  
29 employment program for mentally ill persons or any veterans' [~~workshops~~]  
30 entity qualified under this section to determine the costs of manufac-  
31 ture or the rendering of services and the manner and efficiency of  
32 production and administration of such agency or special employment  
33 program or veterans' [~~workshop~~] entity with relation to any product or  
34 services purchased by a state agency or political subdivision or public  
35 benefit corporation and to furnish the results of such audit and exam-  
36 ination to the commissioner for such action as he or she may deem appro-  
37 priate under this section.

38 7. Partnering with preferred sources. [~~The commissioner of the appro-~~  
39 ~~propriate appointing agency as identified in paragraph e of subdivision six~~  
40 ~~of this section, shall conduct one or more pilot studies whereby a~~  
41 ~~private vendor may be accorded preferred source status for purposes of~~  
42 ~~this section. The pilot studies shall seek to ascertain the benefits of~~  
43 ~~partnerships between private industry and those entities accorded~~  
44 ~~preferred source status as specified in this section. Preferred source~~  
45 ~~status under a partnering arrangement may] Private vendors may be  
46 accorded preferred source status but only [~~be accorded~~] when a proposal  
47 to a soliciting agency for commodities or services includes a binding  
48 agreement with one or more of the entities accorded preferred source  
49 status under this section. The binding agreement shall provide that:~~

50 (i) The preferred source shall perform the majority of the work neces-  
51 sary to such offering, and

52 (ii) The partnering proposal includes bona fide long term employment  
53 opportunities for persons who [~~could otherwise be new clients~~] are  
54 clients of an entity [~~previously~~] accorded preferred source status here-  
55 in, and

1 (iii) The partnering proposal offers the solicited services or commod-  
2 ities at a price less than the price that otherwise would be charged by  
3 [a] the preferred source.

4 8. ~~[a. The commissioner of the appropriate appointing agency shall~~  
5 ~~report by December thirty-first, two thousand four, to the governor, the~~  
6 ~~chairperson of the senate finance committee, the chairperson of the~~  
7 ~~assembly ways and means committee and the director of the budget, the~~  
8 ~~results and findings of each pilot study conducted, pursuant to subdivi-~~  
9 ~~sion seven of this section, and include recommendations for improving~~  
10 ~~partnering with preferred sources.~~

11 ~~b.]~~ The council shall report to the governor, legislative fiscal  
12 committees and the director of the budget by December thirty-first,  
13 nineteen hundred ninety-five and thereafter annually, a separate list  
14 concerning the denial of any application made pursuant to paragraph (b)  
15 of subdivision three of this section, the reasons for such denial,  
16 whether such denial was appealed to the commissioner, and the final  
17 decision by the commissioner on such application.

18 § 3. The state procurement council shall submit a report by December  
19 31, 2024, to the governor, the speaker of the assembly, and the tempo-  
20 rary president of the senate on the direct labor workforce employed in  
21 the provision of preferred source commodities and services, including  
22 but not limited to objectives for direct labor to be provided under a  
23 preferred source agreement by persons who are blind or by people with  
24 disabilities, participation levels of persons who are blind or by people  
25 with disabilities in preferred source contracts, and recommendations for  
26 improving partnering with preferred sources.

27 § 4. This act shall take effect immediately; provided that section one  
28 of this act shall expire and be deemed repealed three years after such  
29 effective date; and provided further that this act shall not apply to  
30 any contracts or requests for proposals issued by government entities  
31 before such date.