

97TH GENERAL ASSEMBLY State of Illinois 2011 and 2012 SB1953

Introduced 2/10/2011, by Sen. Pamela J. Althoff

SYNOPSIS AS INTRODUCED:

See Index

Amends the Illinois Procurement Code. Provides that the Procurement Policy Board shall provide written notice of an alleged conflict of interest to the contractor. Provides that the contractor shall have 30 days to provide a written response to the notice and may request a hearing before the Board. Provides that a State contract shall include the general type of work to be performed by all known subcontractors. Removes the requirement that a State contract shall include the expected amount of money each subcontractor will receive under the contract. Provides that, for certain certifications required for State contracts, if a false certification is made by a subcontractor, the contractor's submitted bid and contract may not be declared void. Makes other changes. Effective immediately.

LRB097 07087 PJG 47180 b

FISCAL NOTE ACT MAY APPLY

1 AN ACT concerning finance.

Be it enacted by the People of the State of Illinois, represented in the General Assembly:

- 4 Section 5. The Illinois Procurement Code is amended by
- 5 changing Sections 1-15.107, 1-15.108, 5-5, 20-10, 20-25,
- 6 20-120, 20-155, 50-5, 50-10, 50-10.5, 50-11, 50-12, 50-14,
- 7 50-35, 50-39, and 50-60 as follows:
- 8 (30 ILCS 500/1-15.107)
- 9 Sec. 1-15.107. Subcontract. "Subcontract" means a contract
- 10 between a person and a person who has or is seeking a contract
- 11 subject to this Code, pursuant to which the subcontractor
- 12 provides to the contractor or another subcontractor some or all
- of the goods, services, real property, remuneration, or other
- 14 monetary forms of consideration that are the subject of the
- 15 primary contract and includes, among other things, subleases
- 16 from a lessee of a State agency.
- 17 (Source: P.A. 96-795, eff. 7-1-10 (see Section 5 of P.A. 96-793
- for the effective date of P.A. 96-795).)
- 19 (30 ILCS 500/1-15.108)
- 20 Sec. 1-15.108. Subcontractor. "Subcontractor" means a
- 21 person or entity that enters into a contractual agreement with
- 22 a total value of \$25,000 or more with a person or entity who

- 1 has or is seeking a contract subject to this Code pursuant to
- which the person or entity provides some or all of the goods,
- 3 services, <u>real</u> property, remuneration, or other <u>monetary</u> forms
- 4 of consideration that are the subject of the primary State
- 5 contract, including subleases from a lessee of a State
- 6 contract.
- 7 (Source: P.A. 96-920, eff. 7-1-10.)
- 8 (30 ILCS 500/5-5)
- 9 Sec. 5-5. Procurement Policy Board.
- 10 (a) Creation. There is created a Procurement Policy Board,
- an agency of the State of Illinois.
- 12 (b) Authority and duties. The Board shall have the
- 13 authority and responsibility to review, comment upon, and
- 14 recommend, consistent with this Code, rules and practices
- 15 governing the procurement, management, control, and disposal
- of supplies, services, professional or artistic services,
- 17 construction, and real property and capital improvement leases
- 18 procured by the State. The Board shall also have the authority
- 19 to recommend a program for professional development and provide
- 20 opportunities for training in procurement practices and
- 21 policies to chief procurement officers and their staffs in
- 22 order to ensure that all procurement is conducted in an
- efficient, professional, and appropriately transparent manner.
- Upon a three-fifths vote of its members, the Board may
- 25 review a contract. Upon a three-fifths vote of its members, the

- Board may propose procurement rules for consideration by chief procurement officers. These proposals shall be published in each volume of the Procurement Bulletin. Except as otherwise provided by law, the Board shall act upon the vote of a majority of its members who have been appointed and are serving.
 - (b-5) Reviews, studies, and hearings. The Board may review, study, and hold public hearings concerning the implementation and administration of this Code. Each chief procurement officer, State purchasing officer, procurement compliance monitor, and State agency shall cooperate with the Board, provide information to the Board, and be responsive to the Board in the Board's conduct of its reviews, studies, and hearings.
 - (c) Members. The Board shall consist of 5 members appointed one each by the 4 legislative leaders and the Governor. Each member shall have demonstrated sufficient business or professional experience in the area of procurement to perform the functions of the Board. No member may be a member of the General Assembly.
 - (d) Terms. Of the initial appointees, the Governor shall designate one member, as Chairman, to serve a one-year term, the President of the Senate and the Speaker of the House shall each appoint one member to serve 3-year terms, and the Minority Leader of the House and the Minority Leader of the Senate shall each appoint one member to serve 2-year terms. Subsequent terms

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- shall be 4 years. Members may be reappointed for succeeding 1 2 terms.
- (e) Reimbursement. Members shall receive no compensation 3 but shall be reimbursed for any expenses reasonably incurred in 4 5 the performance of their duties.
- (f) Staff support. Upon a three-fifths vote of its members, the Board may employ an executive director. Subject to 7 appropriation, the Board also may employ a reasonable and necessary number of staff persons.
 - (q) Meetings. Meetings of the Board may be conducted telephonically, electronically, or through the use of other telecommunications. Written minutes of such meetings shall be created and available for public inspection and copying.
 - (h) Procurement recommendations. Upon a three-fifths vote of its members, the Board may review a proposal, bid, or contract and issue a recommendation to void a contract or reject a proposal or bid based on any violation of this Code or the existence of a conflict of interest as described in subsections (b) and (d) of Section 50-35. A chief procurement officer or State purchasing officer shall notify the Board if an alleged a conflict of interest is identified, discovered, or reasonably suspected to exist. Any person or entity may notify the Board of an alleged $\frac{1}{2}$ conflict of interest. Upon receipt of a notice of suspected violation or conflict of interest, the Board shall provide written notice of the alleged violation to the contractor or subcontractor on that contract. If the

- 1 alleged violation is by the subcontractor, written notice shall 2 also be provided to the contractor. The contractor or 3 subcontractor shall have 30 days to provide a written response to the notice, and a hearing before the Board on the alleged 4 5 violation shall be held upon request by the contractor or subcontractor. A recommendation of the Board shall be delivered 6 to the appropriate chief procurement officer and Executive 7 8 Ethics Commission within 5 days and must be published in the
- (i) After providing notice and a hearing as required by

 subsection (h), the The Board shall refer any alleged

 violations of this Code to the Executive Inspector General in

 addition to or instead of issuing a recommendation to void a

 contract.
- 15 (Source: P.A. 96-795, eff. 7-1-10 (see Section 5 of P.A. 96-793
- for the effective date of changes made by P.A. 96-795).)
- 17 (30 ILCS 500/20-10)
- 18 (Text of Section from P.A. 96-159 and 96-588)

next volume of the Procurement Bulletin.

- 19 Sec. 20-10. Competitive sealed bidding; reverse auction.
- 20 (a) Conditions for use. All contracts shall be awarded by 21 competitive sealed bidding except as otherwise provided in 22 Section 20-5.
- 23 (b) Invitation for bids. An invitation for bids shall be 24 issued and shall include a purchase description and the 25 material contractual terms and conditions applicable to the

1 procurement.

- 2 (c) Public notice. Public notice of the invitation for bids 3 shall be published in the Illinois Procurement Bulletin at 4 least 14 days before the date set in the invitation for the 5 opening of bids.
 - (d) Bid opening. Bids shall be opened publicly in the presence of one or more witnesses at the time and place designated in the invitation for bids. The name of each bidder, the amount of each bid, and other relevant information as may be specified by rule shall be recorded. After the award of the contract, the winning bid and the record of each unsuccessful bid shall be open to public inspection.
 - (e) Bid acceptance and bid evaluation. Bids shall be unconditionally accepted without alteration or correction, except as authorized in this Code. Bids shall be evaluated based on the requirements set forth in the invitation for bids, which may include criteria to determine acceptability such as inspection, testing, quality, workmanship, delivery, and suitability for a particular purpose. Those criteria that will affect the bid price and be considered in evaluation for award, such as discounts, transportation costs, and total or life cycle costs, shall be objectively measurable. The invitation for bids shall set forth the evaluation criteria to be used.
 - (f) Correction or withdrawal of bids. Correction or withdrawal of inadvertently erroneous bids before or after award, or cancellation of awards of contracts based on bid

mistakes, shall be permitted in accordance with rules. After
bid opening, no changes in bid prices or other provisions of
bids prejudicial to the interest of the State or fair
competition shall be permitted. All decisions to permit the
correction or withdrawal of bids based on bid mistakes shall be
supported by written determination made by a State purchasing
officer.

- (g) Award. The contract shall be awarded with reasonable promptness by written notice to the lowest responsible and responsive bidder whose bid meets the requirements and criteria set forth in the invitation for bids, except when a State purchasing officer determines it is not in the best interest of the State and by written explanation determines another bidder shall receive the award. The explanation shall appear in the appropriate volume of the Illinois Procurement Bulletin. The written explanation must include:
 - (1) a description of the agency's needs;
 - (2) a determination that the anticipated cost will be fair and reasonable;
- (3) a listing of all responsible and responsive bidders; and
- (4) the name of the bidder selected, the contract price, and the reasons for selecting that bidder.
- Each chief procurement officer may adopt guidelines to implement the requirements of this subsection (g).
 - The written explanation shall be filed with the Legislative

- Audit Commission and the Procurement Policy Board and be made

 available for inspection by the public within 30 days after the

 agency's decision to award the contract.
 - (h) Multi-step sealed bidding. When it is considered impracticable to initially prepare a purchase description to support an award based on price, an invitation for bids may be issued requesting the submission of unpriced offers to be followed by an invitation for bids limited to those bidders whose offers have been qualified under the criteria set forth in the first solicitation.
 - (i) Alternative procedures. Notwithstanding any other provision of this Act to the contrary, the Director of the Illinois Power Agency may create alternative bidding procedures to be used in procuring professional services under Section 1-75(a) of the Illinois Power Agency Act and Section 16-111.5(c) of the Public Utilities Act and to procure renewable energy resources under Section 1-56 of the Illinois Power Agency Act. These alternative procedures shall be set forth together with the other criteria contained in the invitation for bids, and shall appear in the appropriate volume of the Illinois Procurement Bulletin.
 - (j) Reverse auction. Notwithstanding any other provision of this Section and in accordance with rules adopted by the Director of Central Management Services as chief procurement officer, a State purchasing officer under that chief procurement officer officer officer's jurisdiction may procure

- 1 supplies or services through a competitive electronic auction
- 2 bidding process after the purchasing officer explains in
- 3 writing to the chief procurement officer determines his or her
- 4 determination that the use of such a process will be in the
- 5 best interest of the State. The chief procurement officer shall
- 6 publish that determination in his or her next volume of the
- 7 Illinois Procurement Bulletin.
- 8 An invitation for bids shall be issued and shall include
- 9 (i) a procurement description, (ii) all contractual terms,
- 10 whenever practical, and (iii) conditions applicable to the
- 11 procurement, including a notice that bids will be received in
- 12 an electronic auction manner.
- Public notice of the invitation for bids shall be given in
- the same manner as provided in subsection (c).
- Bids shall be accepted electronically at the time and in
- 16 the manner designated in the invitation for bids. During the
- auction, a bidder's price shall be disclosed to other bidders.
- 18 Bidders shall have the opportunity to reduce their bid prices
- 19 during the auction. At the conclusion of the auction, the
- 20 record of the bid prices received and the name of each bidder
- 21 shall be open to public inspection.
- 22 After the auction period has terminated, withdrawal of bids
- shall be permitted as provided in subsection (f).
- 24 The contract shall be awarded within 60 days after the
- auction by written notice to the lowest responsible bidder, or
- all bids shall be rejected except as otherwise provided in this

- 1 Code. Extensions of the date for the award may be made by
- 2 mutual written consent of the State purchasing officer and the
- 3 lowest responsible bidder.
- 4 This subsection does not apply to (i) procurements of
- 5 professional and artistic services, (ii) including but not
- 6 limited to telecommunications services, communication
- 7 communications services, Internet services, and information
- 8 services, and (iii) (iii) contracts for construction projects,
- 9 including design professional services.
- 10 (Source: P.A. 95-481, eff. 8-28-07; 96-159, eff. 8-10-09;
- 11 96-588, eff. 8-18-09; revised 10-5-10.)
- 12 (Text of Section from P.A. 96-159 and 96-795)
- 13 Sec. 20-10. Competitive sealed bidding; reverse auction.
- 14 (a) Conditions for use. All contracts shall be awarded by
- 15 competitive sealed bidding except as otherwise provided in
- 16 Section 20-5.
- 17 (b) Invitation for bids. An invitation for bids shall be
- 18 issued and shall include a purchase description and the
- 19 material contractual terms and conditions applicable to the
- 20 procurement.
- 21 (c) Public notice. Public notice of the invitation for bids
- 22 shall be published in the Illinois Procurement Bulletin at
- least 14 days before the date set in the invitation for the
- 24 opening of bids.
- 25 (d) Bid opening. Bids shall be opened publicly in the

- presence of one or more witnesses at the time and place designated in the invitation for bids. The name of each bidder, the amount of each bid, and other relevant information as may be specified by rule shall be recorded. After the award of the contract, the winning bid and the record of each unsuccessful bid shall be open to public inspection.
 - (e) Bid acceptance and bid evaluation. Bids shall be unconditionally accepted without alteration or correction, except as authorized in this Code. Bids shall be evaluated based on the requirements set forth in the invitation for bids, which may include criteria to determine acceptability such as inspection, testing, quality, workmanship, delivery, and suitability for a particular purpose. Those criteria that will affect the bid price and be considered in evaluation for award, such as discounts, transportation costs, and total or life cycle costs, shall be objectively measurable. The invitation for bids shall set forth the evaluation criteria to be used.
 - (f) Correction or withdrawal of bids. Correction or withdrawal of inadvertently erroneous bids before or after award, or cancellation of awards of contracts based on bid mistakes, shall be permitted in accordance with rules. After bid opening, no changes in bid prices or other provisions of bids prejudicial to the interest of the State or fair competition shall be permitted. All decisions to permit the correction or withdrawal of bids based on bid mistakes shall be supported by written determination made by a State purchasing

1 officer.

- (g) Award. The contract shall be awarded with reasonable promptness by written notice to the lowest responsible and responsive bidder whose bid meets the requirements and criteria set forth in the invitation for bids, except when a State purchasing officer determines it is not in the best interest of the State and by written explanation determines another bidder shall receive the award. The explanation shall appear in the appropriate volume of the Illinois Procurement Bulletin. The written explanation must include:
- 11 (1) a description of the agency's needs;
- 12 (2) a determination that the anticipated cost will be 13 fair and reasonable;
 - (3) a listing of all responsible and responsive bidders; and
 - (4) the name of the bidder selected, the contract price pricing, and the reasons for selecting that bidder.

Each chief procurement officer may adopt guidelines to implement the requirements of this subsection (g).

The written explanation shall be filed with the Legislative Audit Commission and the Procurement Policy Board and be made available for inspection by the public within 30 days after the agency's decision to award the contract.

(h) Multi-step sealed bidding. When it is considered impracticable to initially prepare a purchase description to support an award based on price, an invitation for bids may be

- issued requesting the submission of unpriced offers to be followed by an invitation for bids limited to those bidders whose offers have been qualified under the criteria set forth in the first solicitation.
 - (i) Alternative procedures. Notwithstanding any other provision of this Act to the contrary, the Director of the Illinois Power Agency may create alternative bidding procedures to be used in procuring professional services under Section 1-75(a) of the Illinois Power Agency Act and Section 16-111.5(c) of the Public Utilities Act and to procure renewable energy resources under Section 1-56 of the Illinois Power Agency Act. These alternative procedures shall be set forth together with the other criteria contained in the invitation for bids, and shall appear in the appropriate volume of the Illinois Procurement Bulletin.
 - (j) Reverse auction. Notwithstanding any other provision of this Section and in accordance with rules adopted by the chief procurement officer, that chief procurement officer may procure supplies or services through a competitive electronic auction bidding process after the chief procurement officer determines that the use of such a process will be in the best interest of the State. The chief procurement officer shall publish that determination in his or her next volume of the Illinois Procurement Bulletin.
 - An invitation for bids shall be issued and shall include

 (i) a procurement description, (ii) all contractual terms,

- 1 whenever practical, and (iii) conditions applicable to the
- 2 procurement, including a notice that bids will be received in
- 3 an electronic auction manner.
- 4 Public notice of the invitation for bids shall be given in
- 5 the same manner as provided in subsection (c).
- Bids shall be accepted electronically at the time and in
- 7 the manner designated in the invitation for bids. During the
- 8 auction, a bidder's price shall be disclosed to other bidders.
- 9 Bidders shall have the opportunity to reduce their bid prices
- 10 during the auction. At the conclusion of the auction, the
- 11 record of the bid prices received and the name of each bidder
- shall be open to public inspection.
- 13 After the auction period has terminated, withdrawal of bids
- shall be permitted as provided in subsection (f).
- The contract shall be awarded within 60 days after the
- auction by written notice to the lowest responsible bidder, or
- all bids shall be rejected except as otherwise provided in this
- 18 Code. Extensions of the date for the award may be made by
- 19 mutual written consent of the State purchasing officer and the
- 20 lowest responsible bidder.
- 21 This subsection does not apply to (i) procurements of
- 22 professional and artistic services, (ii) telecommunications
- 23 services, communication services, and information services,
- 24 and (iii) contracts for construction projects, including
- design professional services.
- 26 (Source: P.A. 95-481, eff. 8-28-07; 96-159, eff. 8-10-09;

- 1 96-795, eff. 7-1-10 (see Section 5 of P.A. 96-793 for the
- 2 effective date of changes made by P.A. 96-795); revised
- 3 10-5-10.

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- 4 (30 ILCS 500/20-25)
- 5 Sec. 20-25. Sole source procurements.
- 6 (a) In accordance with standards set by rule, contracts may 7 be awarded without use of the specified method of source 8 selection when there is only one economically feasible source 9 for the item. A State contract may not be awarded as a sole 10 source procurement unless approved by the chief procurement 11 officer following a public hearing at which the chief 12 procurement officer and purchasing agency present written justification for the procurement method. The Procurement 1.3 Policy Board, the sole source contractor, and the public may 14 15 present testimony.
 - (b) (Blank). This Section may not be used as a basis for amending a contract for professional or artistic services if the amendment would result in an increase in the amount paid under the contract of more than 5% of the initial award, or would extend the contract term beyond the time reasonably needed for a competitive procurement, not to exceed 2 months.
 - (c) Notice of intent to enter into a sole source contract shall be provided to the Procurement Policy Board and published in the online electronic Bulletin at least 14 days before the public hearing required in subsection (a). The notice shall

- include the sole source procurement justification form
 prescribed by the Board, a description of the item to be
 procured, the intended sole source contractor, and the date,
 time, and location of the public hearing. A copy of the notice
 and all documents provided at the hearing shall be included in
 the subsequent Procurement Bulletin.
- 7 (d) By August 1 each year, each chief procurement officer 8 shall file a report with the General Assembly identifying each 9 contract the officer sought under the sole source procurement 10 method and providing the justification given for seeking sole 11 source as the procurement method for each of those contracts.
- 12 (Source: P.A. 96-795, eff. 7-1-10 (see Section 5 of P.A. 96-793
- for the effective date of changes made by P.A. 96-795); 96-920,
- 14 eff. 7-1-10.)
- 15 (30 ILCS 500/20-120)
- Sec. 20-120. Subcontractors.
- (a) Any contract granted under this Code shall state 17 whether the services of a subcontractor will or may be used. 18 The contract shall include the names and addresses of all known 19 20 subcontractors with subcontracts with an annual value of more 21 than \$25,000 and the general type of work to be performed by 22 these subcontractors. Upon the request of the chief procurement officer appointed pursuant to subsection (a)(2) of Section 23 24 10-20, the expected amount of money each will receive under the 25 contract. For procurements subject to the authority of the

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chief procurement officer appointed pursuant to subsection (a) (2) of Section 10-20, the contract shall include only the names and addresses of all known subcontractors of the primary contractor with subcontracts with an annual value of more than \$25,000. The contractor shall provide the chief procurement officer or State purchasing officer a copy of a any subcontract with an annual value of more than \$25,000 so identified within 30 20 days after the request is made. Prior to submission of the subcontract to the chief procurement officer, a execution of the State contract or after execution of the subcontract, whichever is later. A subcontractor, or contractor on behalf of a subcontractor, may redact identify information that is deemed proprietary or confidential. If the chief procurement officer determines the information is not relevant to the primary contract, the chief procurement officer may excuse the inclusion of the information. If the chief procurement officer determines the information is proprietary or could harm the business interest of the subcontractor, the chief procurement officer may, in his or her discretion, redact the information. Redacted information shall not become part of the public record.

(b) If at any time during the term of a contract, a contractor adds or changes any subcontractors, he or she shall promptly notify, in writing, the chief procurement officer, State purchasing officer, or their designee of the names and addresses of and the expected amount of money each new or

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replaced subcontractor and the general type of work to be performed. Upon the request of the chief procurement officer appointed pursuant to subsection (a)(2) of Section 10-20, the contractor shall provide the chief procurement officer a copy of any new or amended subcontract so identified within 30 days after the request is made. Prior to submission of the new or amended subcontract to the chief procurement officer, a subcontractor or contractor on behalf of a subcontractor may redact information that is deemed proprietary or confidential. will receive. The contractor shall provide to the responsible chief procurement officer a copy of the subcontract within 20 days after the execution of the subcontract.

- (c) In addition to any other requirements of this Code, a subcontract subject to this Section must include all of the subcontractor's certifications required by Article 50 of the Code.
- (d) This Section applies to procurements solicited on or after the effective date of this amendatory Act of the 96th General Assembly. The changes made to this Section by this amendatory Act of the 97th General Assembly apply to procurements solicited on or after the effective date of this amendatory Act of the 97th General Assembly.
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- 23 (Source: P.A. 96-795, eff. 7-1-10 (see Section 5 of P.A. 96-793
- for the effective date of P.A. 96-795); 96-920, eff. 7-1-10.) 24

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1 Sec. 20-155. Solicitation and contract documents.

to that particular contract.

- (a) After award of a contract and subject to provisions of the Freedom of Information Act, the procuring agency shall make available for public inspection and copying all pre-award, post-award, administration, and close-out documents relating
- 7 (b) A procurement file shall be maintained for all 8 contracts, regardless of the method of procurement. The 9 procurement file shall contain the basis on which the award is 10 made, all submitted bids and proposals, all evaluation 11 materials, score sheets and all other documentation related to 12 or prepared in conjunction with evaluation, negotiation, and the award process. The procurement file shall contain a written 13 14 determination, signed by the chief procurement officer or State 15 purchasing officer, setting forth the reasoning for the 16 contract award decision. The procurement file shall not include 17 trade secrets or other competitively sensitive, confidential, or proprietary information. The procurement file shall be open 18 19 to public inspection within 7 business days following award of 20 the contract.

- 23 (30 ILCS 500/50-5)
- 24 Sec. 50-5. Bribery.
- 25 (a) Prohibition. No person or business shall be awarded a

for the effective date of changes made by P.A. 96-795).)

(Source: P.A. 96-795, eff. 7-1-10 (see Section 5 of P.A. 96-793

1 contract or subcontract under this Code who:

- (1) has been convicted under the laws of Illinois or any other state of bribery or attempting to bribe an officer or employee of the State of Illinois or any other state in that officer's or employee's official capacity; or
- (2) has made an admission of guilt of that conduct that is a matter of record but has not been prosecuted for that conduct.
- (b) Businesses. No business shall be barred from contracting with any unit of State or local government, or subcontracting under such a contract, as a result of a conviction under this Section of any employee or agent of the business if the employee or agent is no longer employed by the business and:
 - (1) the business has been finally adjudicated not quilty; or
 - entity with which it seeks to contract or which is a signatory to the contract to which the subcontract relates, and that entity finds that the commission of the offense was not authorized, requested, commanded, or performed by a director, officer, or high managerial agent on behalf of the business as provided in paragraph (2) of subsection (a) of Section 5-4 of the Criminal Code of 1961.
- (c) Conduct on behalf of business. For purposes of this Section, when an official, agent, or employee of a business

- 1 committed the bribery or attempted bribery on behalf of the
- 2 business and in accordance with the direction or authorization
- of a responsible official of the business, the business shall
- 4 be chargeable with the conduct.
- 5 (d) Certification. Every bid submitted to and contract
- 6 executed by the State and every subcontract subject to Section
- 7 20-120 of this Code shall contain a certification by the
- 8 contractor or the subcontractor, respectively, that the
- 9 contractor or subcontractor is not barred from being awarded a
- 10 contract or subcontract under this Section and acknowledges
- 11 that the chief procurement officer may declare the related
- 12 contract void if any certifications required by this Section
- 13 are false. If the false certification is made by a
- 14 subcontractor, then the contractor's submitted bid and the
- 15 executed contract may not be declared void, unless the
- 16 contractor refuses to terminate the subcontract upon the
- 17 State's request after a finding that the subcontract's
- 18 certification was false. A contractor or subcontractor who
- 19 makes a false statement, material to the certification, commits
- 20 a Class 3 felony.
- 21 (Source: P.A. 96-795, eff. 7-1-10 (see Section 5 of P.A. 96-793
- for the effective date of changes made by P.A. 96-795).)
- 23 (30 ILCS 500/50-10)
- 24 Sec. 50-10. Felons.
- 25 (a) Unless otherwise provided, no person or business

convicted of a felony shall do business with the State of Illinois or any State agency, or enter into a subcontract, from the date of conviction until 5 years after the date of completion of the sentence for that felony, unless no person held responsible by a prosecutorial office for the facts upon which the conviction was based continues to have any

involvement with the business.

- 8 (b) Every bid submitted to and contract executed by the 9 State and every subcontract subject to Section 20-120 of this 10 Code shall contain a certification by the bidder or contractor 11 or subcontractor, respectively, that the bidder, contractor, 12 or subcontractor is not barred from being awarded a contract or 13 subcontract under this Section and acknowledges that the chief 14 procurement officer may declare the related contract void if 15 any of the certifications required by this Section are false. 16 If the false certification is made by a subcontractor, then the 17 contractor's submitted bid and the executed contract may not be declared void, unless the contractor refuses to terminate the 18 19 subcontract upon the State's request after a finding that the 20 subcontract's certification was false.
- 21 (Source: P.A. 96-795, eff. 7-1-10 (see Section 5 of P.A. 96-793 22 for the effective date of changes made by P.A. 96-795).)
- 23 (30 ILCS 500/50-10.5)
- Sec. 50-10.5. Prohibited bidders and contractors.
- 25 (a) Unless otherwise provided, no business shall bid or

- enter into a contract or subcontract under this Code if the business or any officer, director, partner, or other managerial agent of the business has been convicted of a felony under the Sarbanes-Oxley Act of 2002 or a Class 3 or Class 2 felony under the Illinois Securities Law of 1953 for a period of 5 years from the date of conviction.
 - (b) Every bid submitted to and contract executed by the State and every subcontract subject to Section 20-120 of this Code shall contain a certification by the bidder, contractor, or subcontractor, respectively, that the bidder, contractor, or subcontractor is not barred from being awarded a contract or subcontract under this Section and acknowledges that the chief procurement officer shall declare the related contract void if any of the certifications completed pursuant to this subsection (b) are false. If the false certification is made by a subcontractor, then the contractor's submitted bid and the executed contract may not be declared void, unless the contractor refuses to terminate the subcontract upon the State's request after a finding that the subcontract's certification was false.
 - (c) If a business is not a natural person, the prohibition in subsection (a) applies only if:
 - (1) the business itself is convicted of a felony referenced in subsection (a); or
 - (2) the business is ordered to pay punitive damages based on the conduct of any officer, director, partner, or

- other managerial agent who has been convicted of a felony referenced in subsection (a).
 - (d) A natural person who is convicted of a felony referenced in subsection (a) remains subject to Section 50-10.
 - (e) No person or business shall bid or enter into a contract under this Code if the person or business:
 - (1) assisted the <u>chief procurement officer</u> State of Illinois or a State agency in determining whether there is a need for a contract except as part of a response to a publicly issued request for information; or
 - (2) assisted the <u>chief procurement officer</u> State of Illinois or a State agency by reviewing, drafting, or preparing any invitation for bids, a request for proposal, or request for information or provided similar assistance except as part of a publicly issued opportunity to review drafts of all or part of these documents.

This subsection does not prohibit a person or business from submitting a bid or proposal or entering into a contract if the person or business: (i) initiates a communication to provide general information about products, services, or industry best practices and, if applicable, that communication is documented in accordance with Section 50-39 or (ii) responds to a communication initiated by an employee of the State for the purposes of providing information to evaluate new products, trends, services, or technologies.

For purposes of this subsection (e), "business" includes

- 1 all individuals with whom a business is affiliated, including,
- but not limited to, any officer, agent, employee, consultant,
- 3 independent contractor, director, partner, manager, or
- 4 shareholder of a business.
- 5 (Source: P.A. 96-795, eff. 7-1-10 (see Section 5 of P.A. 96-793
- for the effective date of changes made by P.A. 96-795); 96-920,
- 7 eff. 7-1-10.)

- 8 (30 ILCS 500/50-11)
- 9 Sec. 50-11. Debt delinquency.
- 10 (a) No person shall submit a bid for or enter into a 11 contract or subcontract under this Code if that person knows or 12 should know that he or she or any affiliate is delinquent in 13 the payment of any debt to the State, unless the person or 14 affiliate has entered into a deferred payment plan to pay off 15 the debt. For purposes of this Section, the phrase "delinquent 16 in the payment of any debt" shall be determined by the Debt Collection Bureau. For purposes of this Section, the term 17 18 "affiliate" means any entity that (1) directly, indirectly, or constructively controls another entity, (2) is directly, 19 20 indirectly, or constructively controlled by another entity, or 21 (3) is subject to the control of a common entity. For purposes 22 of this subsection (a), a person controls an entity if the person owns, directly or individually, more than 10% of the 23 24 voting securities of that entity. As used in this subsection

(a), the term "voting security" means a security that (1)

- confers upon the holder the right to vote for the election of members of the board of directors or similar governing body of the business or (2) is convertible into, or entitles the holder to receive upon its exercise, a security that confers such a right to vote. A general partnership interest is a voting security.
- (b) Every bid submitted to and contract executed by the 7 8 State and every subcontract subject to Section 20-120 of this 9 Code shall contain a certification by the bidder, contractor, 10 or subcontractor, respectively, that the contractor or the 11 subcontractor and its affiliate is not barred from being 12 awarded a contract or subcontract under this Section and acknowledges that the chief procurement officer may declare the 13 14 related contract void if any of the certifications completed 15 pursuant to this subsection (b) are false. If the false 16 certification is made by a subcontractor, then the contractor's 17 submitted bid and the executed contract may not be declared void, unless the contractor refuses to terminate the 18 19 subcontract upon the State's request after a finding that the 20 subcontract's certification was false.
- 21 (Source: P.A. 96-493, eff. 1-1-10; 96-795, eff. 7-1-10 (see 22 Section 5 of P.A. 96-793 for effective date of changes made by 23 P.A. 96-795); 96-1000, eff. 7-2-10.)
- 24 (30 ILCS 500/50-12)
- Sec. 50-12. Collection and remittance of Illinois Use Tax.

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- (a) No person shall enter into a contract with a State agency or enter into a subcontract under this Code unless the person and all affiliates of the person collect and remit Illinois Use Tax on all sales of tangible personal property into the State of Illinois in accordance with the provisions of the Illinois Use Tax Act regardless of whether the person or affiliate is a "retailer maintaining a place of business within this State" as defined in Section 2 of the Use Tax Act. For purposes of this Section, the term "affiliate" means any entity (1) directly, indirectly, or constructively controls another entity, (2) is directly, indirectly, or constructively controlled by another entity, or (3) is subject to the control of a common entity. For purposes of this subsection (a), an entity controls another entity if it owns, directly or individually, more than 10% of the voting securities of that entity. As used in this subsection (a), the term "voting security" means a security that (1) confers upon the holder the right to vote for the election of members of the board of directors or similar governing body of the business or (2) is convertible into, or entitles the holder to receive upon its exercise, a security that confers such a right to vote. A general partnership interest is a voting security.
- (b) Every bid submitted and contract executed by the State and every subcontract subject to Section 20-120 of this Code shall contain a certification by the bidder, contractor, or subcontractor, respectively, that the bidder, contractor, or

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subcontractor is not barred from bidding for or entering into a contract under subsection (a) of this Section and acknowledges that the chief procurement officer may declare the related contract void if any of the certifications completed pursuant to this subsection (b) are false. If the false certification is made by a subcontractor, then the contractor's submitted bid and the executed contract may not be declared void, unless the contractor refuses to terminate the subcontract upon the State's request after a finding that the subcontract's certification was false.

(Source: P.A. 96-795, eff. 7-1-10 (see Section 5 of P.A. 96-793

for the effective date of changes made by P.A. 96-795).)

- 13 (30 ILCS 500/50-14)
- 14 Sec. 50-14. Environmental Protection Act violations.
- 15 (a) Unless otherwise provided, no person or business found 16 by a court or the Pollution Control Board to have committed a willful or knowing violation of the Environmental Protection 17 Act shall do business with the State of Illinois or any State 18 19 agency or enter into a subcontract that is subject to this Code 20 from the date of the order containing the finding of violation 21 until 5 years after that date, unless the person or business 22 can show that no person involved in the violation continues to 23 have any involvement with the business.
 - (b) A person or business otherwise barred from doing business with the State of Illinois or any State agency or

- 1 subcontracting under this Code by subsection (a) may be allowed
- 2 to do business with the State of Illinois or any State agency
- 3 if it is shown that there is no practicable alternative to the
- 4 State to contracting with that person or business.
- 5 (c) Every bid submitted to and contract executed by the
- 6 State and every subcontract subject to Section 20-120 of this
- 7 Code shall contain a certification by the bidder, contractor,
- 8 or subcontractor, respectively, that the bidder, contractor,
- 9 or subcontractor is not barred from being awarded a contract or
- 10 subcontract under this Section and acknowledges that the
- 11 contracting State agency may declare the related contract void
- 12 if any of the certifications completed pursuant to this
- 13 subsection (c) are false. If the false certification is made by
- 14 a subcontractor, then the contractor's submitted bid and the
- 15 executed contract may not be declared void, unless the
- 16 contractor refuses to terminate the subcontract upon the
- 17 State's request after a finding that the subcontract's
- 18 <u>certification</u> was false.
- 19 (Source: P.A. 96-795, eff. 7-1-10 (see Section 5 of P.A. 96-793
- for the effective date of changes made by P.A. 96-795).)
- 21 (30 ILCS 500/50-35)
- Sec. 50-35. Financial disclosure and potential conflicts
- 23 of interest.
- 24 (a) All offers from responsive bidders or offerors with an
- 25 annual value of more than \$25,000, and all subcontracts

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identified as provided by Section 20-120 of this Code, shall be accompanied by disclosure of the financial interests of the contractor, bidder, or proposer and each subcontractor to be used. The financial disclosure of each successful bidder or offeror and its subcontractors shall be incorporated as a material term of the contract and shall become part of the publicly available contract or procurement file maintained by the appropriate chief procurement officer. Each disclosure under this Section and Section 50-34 shall be signed and made under penalty of perjury by an authorized officer or employee on behalf of the bidder or offeror, and must be filed with the Procurement Policy Board.

(b) Disclosure shall include any ownership or distributive income share that is in excess of 5%, or an amount greater than 60% of the annual salary of the Governor, of the disclosing entity or its parent entity, whichever is less, unless the contractor, bidder, or subcontractor (i) is a publicly traded entity subject to Federal 10K reporting, in which case it may submit its 10K disclosure in place of the prescribed disclosure, or (ii) is a privately held entity that is exempt from Federal 10k reporting but has more than 400 shareholders, in which case it may submit the information that Federal 10k reporting companies are required to report under 17 CFR 229.401 and list the names of any person or entity holding any ownership share that is in excess of 5% in place of the prescribed disclosure. The form of disclosure shall be

- prescribed by the applicable chief procurement officer and must include at least the names, addresses, and dollar or proportionate share of ownership of each person identified in this Section, their instrument of ownership or beneficial relationship, and notice of any potential conflict of interest resulting from the current ownership or beneficial relationship of each person identified in this Section having in addition any of the following relationships:
 - (1) State employment, currently or in the previous 3 years, including contractual employment of services.
 - (2) State employment of spouse, father, mother, son, or daughter, including contractual employment for services in the previous 2 years.
 - (3) Elective status; the holding of elective office of the State of Illinois, the government of the United States, any unit of local government authorized by the Constitution of the State of Illinois or the statutes of the State of Illinois currently or in the previous 3 years.
 - (4) Relationship to anyone holding elective office currently or in the previous 2 years; spouse, father, mother, son, or daughter.
 - (5) Appointive office; the holding of any appointive government office of the State of Illinois, the United States of America, or any unit of local government authorized by the Constitution of the State of Illinois or the statutes of the State of Illinois, which office

entitles the holder to compensation in excess of expenses incurred in the discharge of that office currently or in the previous 3 years.

- (6) Relationship to anyone holding appointive office currently or in the previous 2 years; spouse, father, mother, son, or daughter.
- (7) Employment, currently or in the previous 3 years, as or by any registered lobbyist of the State government.
- (8) Relationship to anyone who is or was a registered lobbyist in the previous 2 years; spouse, father, mother, son, or daughter.
- (9) Compensated employment, currently or in the previous 3 years, by any registered election or re-election committee registered with the Secretary of State or any county clerk in the State of Illinois, or any political action committee registered with either the Secretary of State or the Federal Board of Elections.
- (10) Relationship to anyone; spouse, father, mother, son, or daughter; who is or was a compensated employee in the last 2 years of any registered election or re-election committee registered with the Secretary of State or any county clerk in the State of Illinois, or any political action committee registered with either the Secretary of State or the Federal Board of Elections.
- (b-1) The disclosure required under this Section must also include the name and address of each lobbyist required to

register under the Lobbyist Registration Act and other agent of

the bidder or offeror who is not identified under subsections

(a) and (b) $\underline{}$ and who has communicated, is communicating, or may

communicate with the chief procurement officer any State

officer or employee concerning the bid or offer, and is not an

employee of the bidder or offeror. The disclosure under this

subsection is a continuing obligation and must be promptly

supplemented for accuracy throughout the process and

throughout the term of the contract if the bid or offer is

10 successful.

successful.

(b-2) The disclosure required under this Section must also include, for each of the persons identified in subsection (b) or (b-1), each of the following that occurred within the previous 10 years: debarment from contracting with any governmental entity; professional licensure discipline; bankruptcies; adverse civil judgments and administrative findings; and criminal felony convictions. The disclosure under this subsection is a continuing obligation and must be promptly supplemented for accuracy throughout the process and throughout the term of the contract if the bid or offer is

(c) The disclosure in subsection (b) is not intended to prohibit or prevent any contract. The disclosure is meant to fully and publicly disclose any potential conflict to the chief procurement officers, State purchasing officers, their designees, and executive officers so they may adequately

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discharge their duty to protect the State.

When a potential for a conflict of interest is identified, discovered, or reasonably suspected, the chief procurement officer or State procurement officer shall send the contract to the Procurement Policy Board. In accordance with the objectives of subsection (c), the Procurement Policy Board shall provide written notice to the contractor or subcontractor that is identified, discovered, or reasonably suspected of having such potential for a conflict of interest. The contractor or subcontractor shall have 30 days to respond in writing to the Board, and a hearing before the Board will be granted upon the contractor's or subcontractor's request. Upon consideration, the The Board shall recommend, in writing, whether to allow or void the contract, bid, offer, or subcontract weighing the best interest of the State of Illinois. All recommendations shall be submitted to the chief procurement officer. The chief procurement officer must hold a public hearing if the Procurement Policy Board makes recommendation to (i) void a contract or (ii) void a bid or offer and the chief procurement officer selected or intends to award the contract to the bidder or offerer. A chief procurement officer is prohibited from awarding a contract before a hearing if the Board recommendation does not support a bid or offer. The recommendation and proceedings of any hearing, if applicable, shall become part of the contract, bid, or proposal file and shall be available to the public.

- (e) These thresholds and disclosure do not relieve the chief procurement officer, the State purchasing officer, or their designees from reasonable care and diligence for any contract, bid, offer, or proposal. The chief procurement officer, the State purchasing officer, or their designees shall be responsible for using any reasonably known and publicly available information to discover any undisclosed potential conflict of interest and act to protect the best interest of the State of Illinois.
- (f) Inadvertent or accidental failure to fully disclose shall render the contract, bid, proposal, subcontract, or relationship voidable by the chief procurement officer if he or she deems it in the best interest of the State of Illinois and, at his or her discretion, may be cause for barring from future contracts, bids, proposals, subcontracts, or relationships with the State for a period of up to 2 years.
- shall render the contract, bid, proposal, subcontract, or relationship voidable by the chief procurement officer if he or she deems it in the best interest of the State of Illinois and shall result in debarment from future contracts, bids, proposals, subcontracts, or relationships for a period of not less than 2 years and not more than 10 years. Reinstatement after 2 years and before 10 years must be reviewed and commented on in writing by the Governor of the State of Illinois, or by an executive ethics board or commission he or

- 1 she might designate. The comment shall be returned to the
- 2 responsible chief procurement officer who must rule in writing
- 3 whether and when to reinstate.
- 4 (h) In addition, all disclosures shall note any other
- 5 current or pending contracts, proposals, subcontracts, leases,
- 6 or other ongoing procurement relationships the bidding,
- 7 proposing, offering, or subcontracting entity has with any
- 8 other unit of State government and shall clearly identify the
- 9 unit and the contract, proposal, lease, or other relationship.
- 10 (i) The contractor or bidder has a continuing obligation to
- 11 supplement the disclosure required by this Section throughout
- the bidding process or during the term of any contract.
- 13 (Source: P.A. 95-331, eff. 8-21-07; 96-795, eff. 7-1-10 (see
- 14 Section 5 of P.A. 96-793 for the effective date of changes made
- by P.A. 96-795); 96-920, eff. 7-1-10.)
- 16 (30 ILCS 500/50-39)
- 17 Sec. 50-39. Procurement communications reporting
- 18 requirement.
- 19 (a) Any written or oral communication received by a State
- 20 employee that imparts or requests material information or makes
- 21 a material argument regarding potential action concerning a
- 22 procurement matter, including, but not limited to, an
- application, a contract, or a project, shall be reported to the
- 24 Procurement Policy Board. These communications do not include
- 25 the following: (i) statements by a person publicly made in a

public forum; (ii) statements regarding matters of procedure and practice, such as format, the number of copies required, the manner of filing, and the status of a matter; and (iii) statements made by a State employee of the agency to the agency head or other employees of that agency or to the employees of the Executive Ethics Commission; (iv) communications made in connection with sole source procurements; and (v) communications made in connection with formal requests for information initiated by a State agency. The provisions of this Section shall not apply to communications regarding the administration and implementation of an existing contract, except communications regarding change orders or the renewal or extension of a contract.

(b) The report required by subsection (a) shall be submitted monthly and include at least the following: (i) the date and time of each communication; (ii) the identity of each person from whom the written or oral communication was received, the individual or entity represented by that person, and any action the person requested or recommended; (iii) the identity and job title of the person to whom each communication was made; (iv) if a response is made, the identity and job title of the person making each response; (v) a detailed summary of the points made by each person involved in the communication; (vi) the duration of the communication; (vii) the location or locations of all persons involved in the communication and, if the communication occurred by telephone,

the telephone numbers for the callers and recipients of the communication; and (viii) any other pertinent information. No proprietary or confidential information shall be included in any communication reported to the Procurement Policy Board.

- (c) Additionally, when an oral communication made by a person required to register under the Lobbyist Registration Act is received by a State employee that is covered under this Section, all individuals who initiate or participate in the oral communication shall submit a written report to that State employee that memorializes the communication and includes, but is not limited to, the items listed in subsection (b). These reporting requirements shall also be conveyed through ethics training under the Lobbyist Registration Act.
- (d) The Procurement Policy Board shall make each report submitted pursuant to this Section available on its website within 7 days after its receipt of the report. The Procurement Policy Board may promulgate rules to ensure compliance with this Section.
- (e) The reporting requirements shall also be conveyed through ethics training under the State Employees and Officials and Employees Ethics Act. An employee who knowingly and intentionally violates this Section shall be subject to suspension or discharge. The Executive Ethics Commission shall promulgate rules, including emergency rules, to implement this Section.
 - (f) This Section becomes operative on January 1, 2011.

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- 1 (Source: P.A. 96-795, eff. 7-1-10 (see Section 5 of P.A. 96-793
- for the effective date of changes made by P.A. 96-795); 96-920,
- 3 eff. 7-1-10; revised 9-27-10.)
- 4 (30 ILCS 500/50-60)
- 5 Sec. 50-60. Voidable contracts.
- 6 (a) If any contract or amendment thereto is entered into or 7 purchase or expenditure of funds is made at any time in 8 violation of this Code or any other law, the contract or 9 amendment thereto may be declared void by the chief procurement 10 officer or may be ratified and affirmed, provided the chief 11 procurement officer determines that ratification is in the best 12 interests of the State. If the contract is ratified and affirmed, it shall be without prejudice to the State's rights 1.3 14 to any appropriate damages.
 - (b) If, during the term of a contract, the chief procurement officer determines that the contractor is delinquent in the payment of debt as set forth in Section 50-11 of this Code, the chief procurement officer may declare the contract void if it determines that voiding the contract is in the best interests of the State. The Debt Collection Bureau shall adopt rules for the implementation of this subsection (b).
- 23 (c) If, during the term of a contract, the chief 24 procurement officer determines that the contractor is in 25 violation of Section 50-10.5 of this Code, the chief

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- procurement officer shall declare the contract void. 1
- 2 (d) If, during the term of a contract, the contracting 3 agency learns from an annual certification or otherwise determines that the contractor no longer qualifies to enter 4 5 into State contracts by reason of Section 50-5, 50-10, 50-12, 6 50-14, or 50-14.5 of this Article, the chief procurement 7 officer may declare the contract void if it determines that 8 voiding the contract is in the best interests of the State.
- If, during the term of a contract, the chief (e) procurement officer learns from an annual certification or otherwise determines that a subcontractor subject to Section 20-120 no longer qualifies to enter into State contracts by reason of Section 50-5, 50-10, 50-10.5, 50-11, 50-12, 50-14, or 50-14.5 of this Article, the chief procurement officer may 15 declare the related contract void if it determines that voiding 16 the contract is in the best interests of the State. The related 17 contract shall not be declared void unless the contractor refuses to terminate the subcontract upon the State's request after a finding that the subcontractor no longer qualifies to enter into State contracts by reason of one of the Sections listed in this subsection.
- 22 (f) The changes to this Section made by Public Act 96-795 23 apply to actions taken by the chief procurement officer on or after July 1, 2010. 24
- (Source: P.A. 96-493, eff. 1-1-10; 96-795, eff. 7-1-10 (see 25 Section 5 of P.A. 96-793 for the effective date of changes made 26

- 1 by P.A. 96-795); 96-1000, eff. 7-2-10.)
- 2 Section 99. Effective date. This Act takes effect upon
- 3 becoming law.

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