



## **S.F. No. 2501 – State contracts provisions modifications**

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SF 2501 makes changes to state procurement statutes.

**Section 1 [Unenforceable terms; 16C.05, subd. 8]** precludes certain terms in state contracts, as follows:

- (1) a requirement for the state to indemnify another;
- (2) a term that binds the state but may be unilaterally changed by the other party;
- (3) a term that requires mandatory arbitration;
- (4) a term that extends arbitration obligations to parties outside the original contract or to disputes related to the original contract;
- (5) a term that construes the contract under the laws of another state;
- (6) a term that obligates state funds in subsequent fiscal years in the form of automatic renewal; or
- (7) a term that is inconsistent with the state's Data Practices Act.

Any of these terms, if included in a contract, is void, but the rest of the contract remains enforceable.

Requires the commissioner of administration to post a copy of this section on its website.

**Section 2 [Purchasing methods; 16C.16, subd. 6]** makes certain subcontracting requirements applicable to prime contractors who are small businesses or small targeted group businesses.

**Section 3 [Veteran-owned small business; 16C.16, subd. 6a]** makes certain subcontracting requirements applicable to veteran-owned small businesses that provide professional and technical services or construction services.

**Section 4 [Economically disadvantaged areas; 16C.17, subd. 7]** makes certain subcontracting requirements applicable to small businesses located in an economically disadvantaged area.

**Section 5 [Repealer; 16C.36]** repeals a requirement that the commissioner of administration make available a list of eligible contractors who can assist state agencies in using data analytics to accomplish agency reorganization along service lines; and to bring about internal reorganization of management functions to flatten organizational structures.



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