New Mexico Small-Business 5-percent Pricing Preference - Frequently Asked Questions

**Q1: Why implement the New Mexico Small-Business 5-percent Pricing Preference?**

A1: National Technology and Engineering Solutions of Sandia (NTESS) is committed to executing a 5-percent pricing preference per Prime Contract No. DE-NA0003525, Section J – Appendix E, Small Business Subcontracting Plan.

<https://nnsa.energy.gov/aboutus/ouroperations/apm/mosupportdept/sandia-national-laboratories>

**Q2: What is the price range where the New Mexico Small-Business 5-percent Pricing Preference is applicable?**

A2: The preference is applicable to procurements exceeding $250,000 and up to and including $5 million (including all options), which has the greatest number of small-business competitive acquisitions within NTESS.

**Q3: Will NTESS continue to reserve small-business set-asides for competitive and noncompetitive awards up to $250,000?**

A3: Yes, NTESS will continue to reserve procurements up to $250,000 for small-business set-asides.

**Q4: Is a set-aside and a pricing preference the same thing?**

A4: No, there is a distinction between a set-aside and a pricing preference. A set-aside is a procurement that is specifically set-aside for a small business or for a specific socioeconomic category (Small Disadvantaged Business, Woman Owned Small Business, Veteran Owned Small Business, Small Disadvantaged Veteran Owned Small Business, or Historically Underutilized Business Zones). A pricing preference applies a percentage-adjustment factor to the total price, total cost or estimated cumulative value (including all options) for internal analysis to determine subcontract award.

**Q5: How will the New Mexico Small-Business 5-percent Pricing Preference be applied to proposals?**

A5: The application of the pricing preference is similar to the approach used by the Federal Government HUBZone pricing preference. The subcontracting professional will add a 5-percent adjustment factor to the total price, total cost or estimated cumulative value (including all options) on competitive acquisitions exceeding $250,000 and up to and including $5 million for internal analysis to determine subcontract award. The pricing preference will be applied to the responsive proposal of any offeror who **does not meet** the definition of a New Mexico small business. In the event of a tie, NTESS reserves the right to award the contract to the New Mexico small business.

**Q6: What is the definition of a New Mexico small business?**

A6: A New Mexico small business meets these requirements:

1. Represents it meets the applicable North American Industry Classification System Code and small-business size standard of the procurement for which the small business is submitting a proposal.
2. Is registered and licensed to perform business in New Mexico.
3. Has an operating business location in New Mexico with an associated Data Universal Numbering System number for the New Mexico physical location.
4. Is an existing, new or relocated small business as certified in Solicitation Instruction 980F30 - New Mexico Small Business Representation or Solicitation Instruction

980F31 - New Mexico Small Business Representation for Contract Purchase Agreements.

1. Employs labor from New Mexico, which consists of 2 or more full-time equivalent employees, of which 50 percent or more have permanent New Mexico domiciles and they are residents as defined by New Mexico’s Taxation and Revenue Department; or operates as a sole-proprietorship (such as an LLC, S Corporation, or C Corporation), and the owner has a permanent domicile in New Mexico and is a resident as defined by New Mexico’s Taxation and Revenue Department.

**Q7: In the definition of a New Mexico small business, why is there a distinction among existing, new and relocated New Mexico small business?**

A7: NTESS wanted to be mindful of a new start-up business that may have not paid an entire first year of rent, worker’s compensation tax, or gross receipts tax and has been in existence for less than 12 months. The distinction also provides NTESS with the ability to track the progression of existing, new and relocated New Mexico small businesses competing for subcontracts over time.

**Q8: What is the anticipated impact of the New Mexico Small-Business 5-percent Pricing Preference to New Mexico?**

A8: The anticipated impact to New Mexico cannot be determined until a trend analysis is performed, which could take several years.

**Q9: How will a business certify it is a New Mexico small business?**

A9: A New Mexico small business will complete its representations in Solicitation Instruction 980F30 - New Mexico Small Business Representation or 980F31 - New Mexico Small Business Representation for Ordering Agreements. These solicitation instructions will be included in competitive requests for quotations exceeding $250,000 and up to and including $5 million (including all options).

**Q10: How do I contact NTESS about the pricing preference?**

A10: You may send an email with your questions to supplier@sandia.gov.

**Q11: Can the pricing preference be applied on acquisitions outside of New Mexico?**

A11: Yes, the pricing preference may be utilized on any competitive acquisition exceeding $250,000 and up to and including $5 million (including all options) placed by an NTESS Subcontracting Professional, regardless of the place of performance of the goods or services being procured.

**Q12: What are the penalties for false representation as a New Mexico small business in the self-certification process?**

A12: Consequences for false representation are consistent with the termination and debarment clauses in NTESS’s subcontract terms and conditions.

**Q13: What is meant by “resident” and “domicile”?**

A13: NTESS leveraged language defined by the State of New Mexico’s Taxation and Revenue Department regarding “a primary New Mexico residence.” A resident either has a domicile in New Mexico for the entire year or was physically present in New Mexico for a total of 185 days or more during the tax year, regardless of domicile.

A “domicile” is a permanent home; it is the **state** where one’s permanent home is located and where one intends to return whenever he/she is away (as on vacation, business assignment, educational leave, or military assignment). A resident may only have one domicile.

Source: 2016 New Mexico Personal Income Tax (PIT) Form Packet, [www.tax.newmexico.gov](http://www.tax.newmexico.gov)

**Q14: Please provide clarification on “operating business location/”**

A14: An “operating business location” is a business location in New Mexico with an associated Data Universal Numbering Systems (DUNS) number for the New Mexico physical location. DUNS numbers are often used in government and prime contracting to identify the physical location of an Offeror.

Source: Data Universal Numbering Systems (DUNS) - <http://www.dnb.com/duns-number.html>

**Q15: How will NTESS track metrics related to the pricing preference?**

A15: NTESS will track the utilization of New Mexico small businesses over time. In addition, NTESS will track the number of times the New Mexico Small-Business 5-percent Pricing Preference is used, the number of subcontracts awarded, and the impact to NTESS.

**Q16: Will subcontractors be required to participate in follow-up activities if their subcontracts were awarded in accordance with the New Mexico Small-Business 5-percent Pricing Preference, and why is participation necessary?**

A16: Yes, subcontractors will be required to participate in surveys or interviews if their subcontract was awarded in accordance with the pricing preference. The level of effort associated with the surveys and interviews is expected to be nominal and may be needed to ensure the long-term success of the program. (Nominal is defined as less than one hour per year.)

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