

HOUSE BILL REPORT

HB 1737

*As Reported By House Committee on:
Trade & Economic Development*

Title: An act relating to minority and women-owned businesses.

Brief Description: Promoting minority and women-owned business opportunities.

Sponsor(s): Representatives Wineberry, Franklin, Ferguson, Riley, Forner, Ludwig, Miller, Winsley, Jacobsen and Anderson.

Brief History:

Reported by House Committee on:
Trade & Economic Development, March 6, 1991, DPS.

**HOUSE COMMITTEE ON
TRADE & ECONOMIC DEVELOPMENT**

Majority Report: *That Substitute House Bill No. 1737 be substituted therefor, and the substitute bill do pass.* Signed by 11 members: Representatives Cantwell, Chair; Sheldon, Vice Chair; Forner, Ranking Minority Member; Betrozoff, Assistant Ranking Minority Member; Ferguson; Kremen; Ludwig; Moyer; Rasmussen; Riley; and Roland.

Staff: Bill Watterson (786-7349).

Background: Minority business enterprises (MBEs) and women's business enterprises (WBEs) benefit generally from state-wide economic development programs.

Washington State's Office of Minority and Women's Business Enterprises (OMWBE) was created in 1983 to increase opportunities for minorities and women to obtain state contracts. OMWBE's major duties are: (1) to set annual MBE and WBE participation goals in fulfilling state contracts; (2) to certify businesses as eligible for MBE or WBE status; (3) to provide a certification list for state agencies and others seeking to solicit bids from MBEs or WBEs; and (4) to monitor agencies and perform investigations to identify barriers to equal participation and expose discriminatory business practices.

MBE and WBE firms located in distressed areas may apply to the Development Loan Fund (DLF). The DLF, created in 1985, makes loans to businesses, through local governments using federal funds, to locate or expand in a community.

Summary of Substitute Bill: Financial assistance is provided to qualified minority and women business owners and minority and women entrepreneurs through the establishment of the Washington State Minority and Women-Owned Businesses Loan Fund. The fund is administered by a seven member loan fund committee appointed by the director of the Department of Community Development. The fund is capitalized by switching state funds with federal funds administered by the Department of Community Development. No more than 5 percent of the fund balance may be spent to administer the fund.

Criteria for loan approval are provided. Individual loans may not exceed \$75,000 unless approved by the director of the Department of Community Development. Loans approved by the director may not exceed \$150,000.

A business training course of instruction for MBEs and WBEs is established. The Department of Trade and Economic Development shall contract with associate development organizations to develop the course. The training course is available to resident minority and women business owners.

The Department of Trade and Economic Development is to provide technical assistance to minority and women-owned businesses with the capacity to participate in international trade.

The Office of Minority and Women's Business Enterprises (OMWBE) is to work with state agencies to develop a plan, that includes direct contracting with certified minority and women-owned business for public works and construction, to achieve OMWBE participation goals for certified firms in state contracting.

Substitute Bill Compared to Original Bill: The substitute eliminates a Washington State Small Business Bonding Assistance Program created by the original bill, the accreditation portion of the business training course, entrepreneur eligibility for the business training course, and a provision that would set aside 30 percent of public facility concessions for MBEs and WBEs. Administrative costs are limited to 5 percent of the loan fund.

Fiscal Note: Requested March 6, 1991.

Appropriation: Yes.

Effective Date of Substitute Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: The bill redresses the lack of business financing, opportunities, and training for minority and women business owners.

Testimony Against: None.

Witnesses: Lonnie Johns-Brown, National Organization for Women (supports bill); Don Sirkin, Contractors Bonding and Insurance Company (supports intent of bill, but is concerned about the adequacy of the Bonding Assistance Program); Robert Branscomb, Group Insurance Agency (supports intent of bill, but is concerned that MWBEs involved in goods and services do not receive adequate consideration); Bill W. Hilliard, Seattle Human Rights Department (supports bill); and Tony Orange, Seattle Human Rights Department (supports bill).