

# HOUSE BILL REPORT

## ESHB 1493

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As Amended by the Senate

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

**Brief Description:** Assisting minority and women-owned businesses.

**Sponsors:** By House Committee on Trade, Economic Development & Housing (originally sponsored by Representatives Wineberry, Forner, Shin, Sheldon, Leonard, Basich, Locke, J. Kohl, Morris and Anderson).

**Brief History:**

Reported by House Committee on:  
Trade, Economic Development & Housing, March 3, 1993,  
DPS;  
Appropriations, March 6, 1993, DPS(TEH-A APP);  
Passed House, March 15, 1993, 90-8;  
Amended by Senate.

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### HOUSE COMMITTEE ON TRADE, ECONOMIC DEVELOPMENT & HOUSING

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 14 members: Representatives Wineberry, Chair; Shin, Vice Chair; Forner, Ranking Minority Member; Chandler, Assistant Ranking Minority Member; Campbell; Casada; Conway; Morris; Quall; Schoesler; Sheldon; Springer; Valle; and Wood.

**Staff:** Charlie Gavigan (786-7340).

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### HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** The substitute bill by Committee on Trade, Economic Development & Housing be substituted therefor and the substitute bill as amended by Committee on Appropriations do pass. Signed by 24 members: Representatives Locke, Chair; Valle, Vice Chair; Silver, Ranking Minority Member; Carlson, Assistant Ranking Minority Member; Appelwick; Ballasiotes; Basich; Cooke; Dellwo; Dorn; Dunshee; G. Fisher; Jacobsen; Lemmon; Linville; Peery; Rust; Sehlin; Sheahan; Sommers; Stevens; Talcott; Wang; and Wolfe.

**Minority Report:** Do not pass. Signed by 1 member:  
Representative Wineberry.

**Staff:** Beth Redfield (786-7130).

**Background:** Minority business enterprises (MBEs) and women's business enterprises (WBEs) benefit generally from statewide 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.

**Summary of Bill:** The Omnibus Minority and Women-owned Businesses Assistance Act provides technical assistance, training and education, export assistance, contract procurement assistance, loans and grants, and bonding assistance to minority and women-owned businesses. Minority and women-owned business is defined as a business that has been certified by the Office of Minority and Women's Business Enterprises (OMWBE).

The Department of Trade and Economic Development is to provide technical assistance to minority and women-owned businesses for marketing, finance, management, procurement, and identifying export markets. A business training course of instruction for MBEs and WBEs must be established. The Department of Trade and Economic Development contracts with private or public organizations to develop the course.

OMWBE is to work with state agencies to develop a plan, that includes direct contracting with certified minority and women-owned businesses for public works and construction, to achieve OMWBE participation goals for certified firms in state contracting. OMWBE annually notifies the governor, the Legislative Budget Committee, and the state auditor of all agencies not in compliance with participation goals.

Financial assistance may be provided to qualified minority and women business owners and minority and women entrepreneurs through the development loan fund. The program can consider nontraditional credit criteria for minority and women-owned businesses.

The Washington State Small Business Bonding Assistance Program is established in the Department of Trade and Economic Development. The program provides education and bond guarantees for minor minority and women-owned contracting businesses.

The Business Assistance Center in the Department of Trade and Economic Development is not terminated on June 30, 1993, but is required to undergo a sunset review process in 1995.

**EFFECT OF SENATE AMENDMENT(S):** The Senate striking amendment:

(1) Removes a provision for an agency to directly contract with minority and women-owned businesses as part of the agency's plan to meet public works participation goals, and replaces it with a provision requiring the plan to identify specific measures the agency will undertake to increase participation;

(2) Establishes the Minority and Women Business Development Office in the Department of Trade and Economic Development's Business Assistance Center;

(3) Establishes the Washington State Linked Deposit Program, where the state treasurer provides a financial incentive for financial institutions to make loans to minority and women-owned businesses at reduced rates; and

(4) Removes the provision that extends the Business Assistance Center to 1995.

The amendment adopted on April 24, 1993 changes the Linked Deposit Program added by the original Senate striking amendment. Instead of charging minority and women-owned businesses a rate not to exceed 250 basis points above the rate of the time CD, the bank can charge a rate up to 200 basis points below the market rate for such loans.

**Fiscal Note:** Available.

**Effective Date:** The bill contains an emergency clause and takes effect July 1, 1993. However, sections 5, 6, and 15 through 26 are null and void if not funded in the budget.

**Testimony For:** (Trade, Economic Development & Housing): Minority and women-owned businesses need targeted state assistance to better participate in the economy of Washington State. In the future, Washington's economic prosperity will depend on better inclusion of minority and women-owned businesses.

(Appropriations): The current Minority and Women's Business Enterprise Program is a certification program only. This program will provide assistance to minority and women-owned businesses. The loan fund will provide the state with an excellent financial tool to address the needs of minority and women-owned businesses. Supporters are continuing to look for non-state sources of funds. There is some concern with the provision of the bill which requires certification as a minority or women-owned business to apply for a loan under the program.

**Testimony Against:** (Trade, Economic Development & Housing): None.

(Appropriations): None.

**Witnesses:** (Trade, Economic Development & Housing): Representative Wineberry, prime sponsor (supports); Kathy Norwood, Department of Trade and Economic Development (supports); and Robin Swenson, Department of Trade and Economic Development (supports).

(Appropriations): Becky Bogard, African American Legislative Agenda (supports); and Clarence Williams, African American Legislative Agenda (supports).

**VOTE ON FINAL PASSAGE:**

Yeas 90; Nays 8

Nays: Representatives Edmondson, Fuhrman, Lisk, Mielke, Morton, Padden, Riley, Silver