

HOUSE BILL REPORT

HB 2210

As Passed House:
February 14, 2008

Title: An act relating to state contracts with veteran-owned businesses.

Brief Description: Increasing state contracts with veteran-owned businesses.

Sponsors: By Representatives Skinner, Campbell, Haler, Ahern, Warnick, Hailey, Bailey, Dunn and Pearson.

Brief History:

Committee Activity:

State Government & Tribal Affairs: 1/25/08, 2/5/08 [DP].

Floor Activity:

Passed House: 2/14/08, 95-0.

Brief Summary of Bill

- Requires state agencies to afford opportunities to veteran-owned businesses to increase participation in and to compete in procurement contracts of purchases, personal services, public works, and leasing or renting.

HOUSE COMMITTEE ON STATE GOVERNMENT & TRIBAL AFFAIRS

Majority Report: Do pass. Signed by 8 members: Representatives Hunt, Chair; Appleton, Vice Chair; Chandler, Ranking Minority Member; Armstrong, Assistant Ranking Minority Member; Kretz, Liias, Miloscia and Ormsby.

Staff: Marsha Reilly (786-7135).

Background:

State law provides for various programs or procedures to enable women and minorities to effectively compete for contracts or services. Recently, programs have been enacted to identify businesses as veteran-owned in an effort to mitigate economic impacts incurred as a result of military service.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

In 2007 the Legislature enacted a bill requiring the Department of Veterans Affairs (DVA) to develop and maintain a list of veteran-owned businesses and to make that list available on the DVA web site. The DVA also is required to create a decal to identify a business as veteran-owned and distribute the decals to veteran-owned businesses.

To qualify as a veteran-owned business, the business must be 51 percent owned and controlled by a veteran or an active or reserve member in any branch of the armed forces of the United States, including the National Guard, Coast Guard, and Armed Forces Reserves.

Summary of Bill:

State agencies, including institutions of higher education, are required to award 5 percent of all procurement contracts of purchases, personal services, public works, and leasing or renting that are exempt from competitive bidding to certified veteran-owned businesses. State agencies are also required to perform outreach to veteran-owned businesses, keep records of contracts awarded to veteran-owned businesses, and report to the DVA by December 1, 2009, progress made in implementing the requirements of the act.

Agency plans to insure that minority and women-owned firms have the maximum practicable opportunity to compete for and obtain contracts for architectural and engineering services are extended to include veteran-owned businesses.

The Department of Transportation is required to include veteran contractors in bids and awards of contracts for the performance of work or furnishing equipment, materials, supplies, or operating services whenever the estimated cost of the work does not exceed \$100,000.

The DVA is required to develop a procedure to certify veteran-owned businesses and must report to the Legislature by December 1, 2009, on implementation of the act. The DVA may adopt rules to implement the act, including instructions to agencies regarding what information must be reported to the DVA. The DVA is directed to collaborate with and assist agencies in implementing outreach to veteran-owned businesses.

The act is not intended to create a cause of action or entitlement in an individual or class of individuals.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony:

(In support) Setracom, Inc. is a veteran-owned business and is supportive of the bill. There is a large military constituency in this state. The bill affects many veteran families. Federal policy enacted resulted in a 3 percent set-aside of federal contracts for veteran businesses. Veteran-owned small businesses support this change because it would help make their businesses a success and help level the playing field. Veteran businesses face higher barriers. National Guard members have to leave their business when deployed, which jeopardizes the economic viability of that business. Small businesses in general have difficulty competing with larger businesses. The state lags behind other states in veteran-owned businesses and this bill will encourage the start up and growth of veteran businesses.

Paralyzed Veterans of American are in support of the bill. This is the second step of a three-step dance. Last year an emblem was developed to identify veteran-owned businesses. This year there is a requirement to certify these businesses for a set-aside. The emblems cause veteran businesses to grow because veterans do business with other veterans. The third step is to get business to the veteran-owned businesses and get veterans back to full employment.

(Information only) The Department of Veteran affairs would need to expand the registry that was created last session. The bill would require the agency to "certify" veteran-owned businesses which requires verification of their veteran status. It also requires the development of outreach programs. The fiscal note is estimated to be in the neighborhood of \$95,000.

(Opposed) None.

Persons Testifying: (In support) Jeffery Slotnick, Setracon, Inc.; and Skip Dreps, Paralyzed Veterans of America.

(Information only) Heidi Audette, Washington State Department of Veterans Affairs.

Persons Signed In To Testify But Not Testifying: None.