

# SENATE BILL REPORT

## SB 5289

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As Reported By Senate Committee On:  
Government Operations & Elections, February 22, 2007

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

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

**Sponsors:** Senators Kilmer, Swecker, Kastama, Kauffman, Shin, Clements, Rockefeller, Hobbs, Franklin, Honeyford and Rasmussen.

**Brief History:**

**Committee Activity:** Government Operations & Elections: 2/12/07, 2/22/07 [DPS-WM].  
Ways & Means: 2/05/08.

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### SENATE COMMITTEE ON GOVERNMENT OPERATIONS & ELECTIONS

**Majority Report:** That Substitute Senate Bill No. 5289 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Fairley, Chair; Oemig, Vice Chair; Benton, Pridemore and Swecker.

**Staff:** Cindy Calderon (786-7784)

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### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Chelsea Buchanan (786-7446)

**Background:** State Procurement Contracts: State agencies must use a competitive bidding process when purchasing goods and services. Agencies must perform a public solicitation for bidders, and award contracts to the lowest responsible bidder.

For purchase contracts worth less than \$43,900, agencies are authorized to use an alternative process. With some exceptions, agencies must solicit three bids from vendors on a list of pre-approved vendors maintained by the Department of General Administration. For these contracts, an agency may consider other factors besides price, and does not have to award the contract to the low bidder.

Reporting and the Office of Minority & Women's Business Enterprises (OMWBE): OMWBE assists small businesses in Washington owned by women, minorities, and the socially and economically disadvantaged. OMWBE's services include certifying women-owned and minority-owned businesses, and collecting reporting information from state agencies. State

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agencies must report to OMWBE what percentage of their goods and services are purchased from minority- and women-owned businesses.

**Summary of Bill (Recommended Substitute):** A statewide program is created to increase state procurement contracts with veteran-owned businesses, which are defined as businesses at least 51 percent-owned and controlled by a veteran. Agency duties to implement the program are as follows:

Department of Veterans Affairs (DVA): DVA must:

- certify veteran-owned businesses;
- maintain a list of certified veteran-owned businesses on its public web site;
- collaborate with other state agencies in implementing outreach to veteran-owned businesses;
- collect information from state agencies tracking good and services contracts awarded to veteran-owned businesses;
- adopt rules that include instructions to agencies on how to meet their reporting requirements; and
- report to the Legislature on the progress of the program by December 1, 2008, and every two years thereafter.

Department of General Administration (GA): GA must identify DVA-certified veteran-owned businesses in its vendor registry for state agency purchasing.

All State Agencies: State agencies are encouraged to award 3 percent of all procurement contracts under \$43,900 to veteran-owned businesses. In addition, state agencies must:

- perform outreach to veteran-owned businesses to increase opportunities for veterans to provide goods and services to the state;
- keep a record of purchasing contracts awarded to veteran-owned businesses; and
- report their progress in implementing the program to DVA every two years, beginning December 1, 2008.

**EFFECT OF CHANGES MADE BY GOVERNMENT OPERATIONS & ELECTIONS COMMITTEE (Recommended Substitute):** The agencies' first reporting date is moved up one year, from 2009 to 2008. The agencies' reporting duties are clarified. Wording is changed to clarify that the bill applies only to procurement contracts for goods and services. Unneeded definitions are removed.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

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

**Staff Summary of Public Testimony on Original Bill (Government Operations, 2007):**  
PRO: The idea for this bill came from a returning member of the National Guard who had been away for 14 months and was struggling to get his business going again. A lot of veterans are coming home now, and this will help make up for what they have lost by leaving their

businesses to serve their country. A mandate might make more sense once we've identified who the veteran-owned businesses are.

OTHER: A clarifying amendment should exempt property lease contracts. The bill should require earlier reporting from DVA, and the procurement goal should be mandatory.

**Persons Testifying:** PRO: Senator Kilmer, prime sponsor; Skip Dreps, Northwest Paralyzed Veterans of America; Mike Partridge, Veterans Legislative Committee; Ralph Ibarra, VBE Development Alliance; Frederick Scheffler, American Legion.

OTHER: Randy Hodgins, Director of State Relations, University of Washington; Frederick Scheffler, American Legion.