

HOUSE BILL REPORT

SSB 5834

As Reported by House Committee On:
Community Development, Housing & Tribal Affairs

Title: An act relating to veteran-owned businesses.

Brief Description: Concerning veteran-owned businesses.

Sponsors: Senate Committee on Governmental Operations (originally sponsored by Senators Roach, Holmquist Newbry, Conway and McAuliffe; by request of Governor Inslee).

Brief History:

Committee Activity:

Community Development, Housing & Tribal Affairs: 3/19/13, 3/26/13 [DPA].

**Brief Summary of Substitute Bill
(As Amended by Committee)**

- Allows businesses owned jointly by a veteran and his or her spouse or domestic partner to be certified as a veteran-owned business.
- Requires that all veteran-owned businesses are located in the state, owned by a resident of the state, or that all corporate officers are residents of the state.
- Encourages state agencies to award 5 percent of all procurement contracts to veteran-owned businesses.

HOUSE COMMITTEE ON COMMUNITY DEVELOPMENT, HOUSING & TRIBAL AFFAIRS

Majority Report: Do pass as amended. Signed by 9 members: Representatives McCoy, Chair; Appleton, Vice Chair; Angel, Ranking Minority Member; Johnson, Assistant Ranking Minority Member; Haler, Pike, Ryu, Santos and Sawyer.

Staff: Sean Flynn (786-7124).

Background:

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.

The Department of Veterans Affairs (DVA) certifies certain businesses as veteran-owned businesses. Businesses may submit an application to the DVA for certification. To qualify as a veteran-owned business, a business must be at least 51 percent owned and controlled by a veteran or an active or reserve member of the armed forces, including the National Guard, Coast Guard, or reserves.

The DVA collects and maintains a list of certified veteran-owned businesses on its website and issues decals for businesses to display and identify themselves as veteran-owned businesses.

The Legislature encourages state agencies to award 3 percent of all procurement contracts that are exempt from competitive bidding to veteran-owned businesses, including contracts by higher education institutions, and contracts for public works and personal service. The Department of Enterprise Services (DES) keeps records of all veteran-owned businesses certified by the DVA.

Agencies must perform outreach to veteran-owned businesses and match records with the DVA list of certified veteran-owned businesses to determine how many contracts are awarded to veteran-owned businesses. The DVA must collaborate with and assist other agencies in implementing outreach to veteran-owned businesses.

Summary of Amended Bill:

A business that is 51 percent owned and controlled jointly by a veteran and his or her spouse or domestic partner may qualify as a veteran-owned business, if the veteran is involved in the day-to-day business operations.

In order to qualify as a veteran-owned business, the DVA must certify one of the following:

- the veteran owner is a resident of the state;
- all corporate officers are residents if the business is a corporation; or
- the principal office of the business is located in the state.

State agencies are encouraged to award 5 percent of all procurement contracts for public works, goods and services, architectural and engineering services, and highway construction to certified veteran-owned businesses.

The DVA must work with the DES to provide access to a centralized list of all certified veteran-owned businesses and develop a comprehensive plan to ensure that veteran-owned businesses have an opportunity to participate in public contracts.

Amended Bill Compared to Substitute Bill:

The amendment removes the requirement that DVA must report annually on all state agencies contracting with veteran-owned businesses.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on March 26, 2013.

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

Staff Summary of Public Testimony:

(In support) This bill creates a limited expansion to include businesses that are at least 51 percent owned jointly by a veteran and his or her spouse. It makes sure that only veterans benefit and narrows the scope of the registry to veteran-owned businesses in Washington. This bill is timely considering the downsizing of the military and the number of veterans returning from Afghanistan and Iraq who need jobs. This small advantage will be helpful for people who have been gone for several years. It also will encourage agencies to provide a greater percentage of purchasing with veteran businesses.

(Opposed) None.

Persons Testifying: Senator Roach, prime sponsor; and Heidi Audette, Washington State Department of Veteran Affairs.

Persons Signed In To Testify But Not Testifying: None.