

SENATE BILL REPORT

SB 5948

As Passed Senate, June 23, 2013

Title: An act relating to state procurement of goods and services.

Brief Description: Concerning state procurement of goods and services.

Sponsors: Senators Braun, Chase, O'Ban, Keiser, Padden, Hill, Holmquist Newbry, Becker and Brown.

Brief History:

Committee Activity: Ways & Means: 6/10/13, 6/11/13 [DP].

Second Special Session: Passed Senate: 6/23/13, 48-0.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Hill, Chair; Honeyford, Capital Budget Chair; Nelson, Assistant Ranking Member; Bailey, Becker, Braun, Conway, Dammeier, Fraser, Hasegawa, Hewitt, Keiser, Kohl-Welles, Padden, Parlette, Ranker, Rivers, Schoesler and Tom.

Staff: Steve Jones (786-7440)

Background: In 2011, laws were enacted consolidating procurement functions of the Department of General Administration, the Department of Information Services, and the Office of Financial Management into the newly created Department of Enterprise Services (DES). DES was tasked with effecting the reform and consolidation of state procurement practices and providing a report to the Governor with procurement reform recommendations by December 31, 2011.

Legislation reflecting these recommendations was enacted in 2012. The 2012 legislation included a grant of authority to DES to prohibit ("debar") a contractor, individual, or other entity from submitting a bid, having a bid considered, or entering into a state contract for a period up to three years as a result of a conviction of a criminal relating to a public or private contract; conviction under state or federal law for embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, antitrust, or any other offense indicating a lack of business integrity or business honesty; and other specified misconduct relating to contracts. A decision to debar must be issued by the Director in

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writing, must state the reasons for the action taken, and must inform the debarred contractor of his or her rights to judicial or administrative review.

Through the federal Medicaid program, the state and federal governments provide medical, dental, behavioral health, and long-term care to an average of 1.2 million low-income Washingtonians each month. The Medicaid Fraud Control Unit in the Office of the Attorney General (AG) investigates cases of suspected fraud in the Medicaid program.

Under the Federal False Claims Act, entities that submit false or fraudulent claims for federal government funds may be liable for a civil penalty. In 2012, the Legislature enacted a similar state Medicaid Fraud False Claims Act.

Summary of Bill: The grounds for an action by DES to debar state contractor under the state debarment statute are expanded to include final determinations in civil actions, fraud, and violations of either the Federal False Claims Act of the state Medicaid Fraud False Claims Act.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: State contractors must be held to the highest ethical standards, particularly in Medicaid contracting. Bad actors should not be able to contract with state agencies. This bill will also provide an additional tool for the enforcement of state minimum and prevailing wage laws.

Persons Testifying: PRO: Senator Chase, Co-Sponsor; Alia Griffing, WA Federation of State Employees; David Myers, WA State Building and Construction Trades Council; Billy R. Wallace, Jr., WA & No. Idaho District Council of Laborers.