

# SENATE BILL REPORT

## SB 6034

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As Reported by Senate Committee On:  
Government Operations & Security, February 19, 2015

**Title:** An act relating to increasing visibility of and public contracting opportunities for veteran-owned businesses.

**Brief Description:** Increasing visibility of and public contracting opportunities for veteran-owned businesses.

**Sponsors:** Senators Roach, Lias, Benton and Conway.

**Brief History:**

**Committee Activity:** Government Operations & Security: 2/19/15 [DP-WM].

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### SENATE COMMITTEE ON GOVERNMENT OPERATIONS & SECURITY

**Majority Report:** Do pass and be referred to Committee on Ways & Means.

Signed by Senators Roach, Chair; Benton, Vice Chair; Pearson, Vice Chair; Lias, Ranking Minority Member; Dansel, Habib and McCoy.

**Staff:** Samuel Brown (786-7470)

**Background:** Veteran-Owned Businesses (VOBs). The Washington Department of Veterans Affairs (WDVA) certifies certain businesses as VOBs. 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 to qualify as a VOB. WDVA collects and maintains a list of certified VOBs on its website and issues decals for businesses to display and identify themselves as VOBs.

Agencies must perform outreach to VOBs and match records with the WDVA list of certified VOBs to determine how many contracts are awarded to VOBs. WDVA must collaborate with and assist other agencies in implementing outreach to VOBs.

VOBs and Public Contracting. The Department of Enterprise Services (DES) manages procurement of goods and services for state agencies. The Legislature encourages state agencies to award 3 percent of all procurement contracts that are exempt from competitive bidding to VOBs, including contracts by higher education institutions and contracts for public works and personal service. DES keeps records of all VOBs certified by WDVA.

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*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.*

**Summary of Bill:** VOB Participation in Public Contracting. State agencies must award 3 percent of all procurement contracts for public works, goods and services, architectural and engineering services, and transportation construction and maintenance and any subcontracts within those contracts to certified VOBs.

The director of DES must develop a process to facilitate maximum participation of VOBs in public procurement contracting. For each procurement contract, the state agency awarding the contract must detail benefits or drawbacks to VOB participation in the contract, assess barriers to VOB participation in the procurement, and the anticipated benefits of not awarding the contract to a VOB if it is not awarded to a VOB. Each state agency awarding procurement contracts must submit an annual report to the director of DES describing the extent of VOB participation, and if the agency failed to award at least 3 percent of procurement contracts to VOBs, justification for the failure, and a remediation plan.

Other Provisions. Any website or database maintained by DES for competitive solicitation purposes must contain application program interfaces to highlight VOBs and minority and women's business enterprises and to allow state agencies to certify that the DES process to ensure maximum VOB participation was followed in the procurement process. Agency representations must be audited annually. DES must allocate IT resources to update the competitive solicitation website or database, track agency compliance with this act, and conduct agency training in this act's requirements.

**Appropriation:** None.

**Fiscal Note:** Requested on February 13, 2015.

**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: This bill fits a gap that has existed for some time. Washington has a dense veteran population and this will provide more job opportunities for the skilled men and women with service experience. The certification process through WDVA is stringent, and will make abuse of the bill very difficult. The 3 percent mandate should not be difficult to achieve; the federal government has not had difficulty in doing this. Administrative costs should be low for this bill.

OTHER: DES would prefer a time period to phase in the mandate, and clarification if the intent is to focus on small and medium-size businesses, and on the audit requirements. WDVA would like more resources so that we can build out our VOB registry and certification program. There may not be enough VOBs currently certified to meet the 3 percent mandate.

**Persons Testifying:** PRO: Ted Wicorek, Veterans Legislative Coalition; Johannes Ariens, Vet Industrial.

OTHER: Arlen Harris, DES; Heidi Audette, WDVA.