
**Technology & Economic Development
Committee**

HB 1674

Brief Description: Increasing the regulatory oversight and accountability of the office of minority and women's business enterprises.

Sponsors: Representatives Santos, Morris and Maxwell.

Brief Summary of Bill

- Requires the Office of Minority and Women's Business Enterprises (OMWBE) to impose a penalty if a person, firm, corporation, or business commits a statutorily prohibited activity.
- Establishes an investigation unit within the OMWBE.

Hearing Date: 2/13/13

Staff: Jennifer Thornton (786-7147).

Background:

The Office of Minority and Women's Business Enterprises (OMWBE) was created in 1983 with the statutory purpose of providing minority and women-owned business enterprises (MWBE) the maximum practicable opportunity for increased participation in public works contracts and public contracts for goods and services. Among other things, the OMWBE is required to:

- develop and implement programs and a comprehensive plan to provide an opportunity for qualified MWBE to participate in public works and in supplying goods and services to state agencies and educational institutions;
- identify barriers to equal participation by qualified MWBE in state agency and educational contracts;
- establish annual overall goals for MWBE participation for each state agency and educational institution;

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- develop and maintain a central MWBE certification list for state agencies and educational institutions; and
- submit an annual report to the Governor and the Legislature outlining the progress in implementing the program.

The OMWBE is the sole authority for certifying minority, women-owned, and socially and economically disadvantaged businesses throughout the state of Washington. The programs for which OMWBE certifies businesses include:

- Washington State Minority and Women's Business Enterprise Program;
- Department of Transportation (DOT) Disadvantaged Business Enterprise (DBE) program; and
- Federal Aviation Administration Airport Concessionaire DBE program.

Between April and November of 2012, KING 5 issued a series of investigational reports titled "Fraud on the Job," pertaining to OMWBE certifications for participation in the DOT DBE program.

Summary of Bill:

The language permitting the OMWBE to impose a penalty if a person, firm, corporation, or business does not comply with any of OMWBE's statutory provisions or contract requirements is modified so that:

- If the lack of compliance pertains to anything other than a statutorily prohibited activity, the OMWBE retains authority to determine if it will impose a penalty.
- If a prohibited activity is committed, the OMWBE must impose one or more of the following penalties: withholding payment, decertifying the contractor, debarring the contractor, terminating the contract, or subjecting the contractor to civil penalties.
- If there are willful, repeated violations, the contractor must be debarred from state contracting for three years, in addition to any other penalties imposed. A willful violation includes a conscious or deliberate false statement, misrepresentation, omission, or concealment of a material fact with the intent of impacting benefits that are awarded.

A unit is established within the OMWBE to detect and investigate fraud and violations. Qualified personnel are to be employed, and the director and unit personnel are authorized to receive criminal record information associated with investigations. The director or director's designee may subpoena witnesses, and are granted enforcement authority under the Administrative Procedures Act.

Funds collected by imposing civil penalties are deposited in the OMWBE's account in the custody of the state treasurer.

Appropriation: None.

Fiscal Note: Available.

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