

SENATE BILL REPORT

HB 2744

As Reported by Senate Committee On:
Commerce & Labor, February 28, 2014

Title: An act relating to veteran-owned businesses.

Brief Description: Modifying certain provisions governing veteran-owned businesses.

Sponsors: Representatives G. Hunt, Appleton, Tarleton and Freeman.

Brief History: Passed House: 2/17/14, 97-0.

Committee Activity: Commerce & Labor: 2/24/14, 2/28/14 [DP].

SENATE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass.

Signed by Senators Holmquist Newbry, Chair; Braun, Vice Chair; Conway, Ranking Member; Hasegawa, Hewitt, King and Kohl-Welles.

Staff: Jessica Stevenson (786-7465)

Background: The Washington State Department of Veterans Affairs (VA) certifies veteran-owned businesses. Businesses may submit an application to the VA for certification. To receive certification 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 VA must develop and maintain a current list of veteran-owned businesses, and this list must be made available for the public on the VA's website.

Generally, a veteran is defined as a person who has received an honorable discharge or a discharge for medical reasons with an honorable record and has served as a member of:

- any branch of the Armed Services, National Guard, or reserves, and has fulfilled the person's initial military obligation;
- the Women's Air Force Service Pilots;
- the National Guard, reserves, or Coast Guard called into federal service for at least a cumulative period of six months;
- the Civil Service Crew in oceangoing service aboard a military transport vessel during World War II;
- the Philippine Armed Forces or scouts during World War II; or

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- a documented merchant mariner who received military commendation for oceangoing service aboard a military vessel during the Korean or Vietnam Wars.

The VA must notify the State Treasurer of veteran-owned businesses that are no longer certified.

Under the Linked Deposit Program, the State Treasurer deposits short-term state treasury surplus funds in financial institutions as certificates of deposit in exchange for the financial institution making qualifying loans, which are loans to women, minorities, or veteran-owned businesses. To participate as a veteran-owned business, the veteran-owned business must be certified by the VA and meet the following requirements:

- the veteran owner has sufficient expertise in the business's field of operation;
- the veteran-owned business is a for-profit organization performing a commercially useful function; and
- the veteran-owned business satisfies the definition for a small business concern.

Summary of Bill: The definition of veteran includes a person who has received a discharge with an honorable characterization at the time certification is sought.

In addition to the requirement that a certified veteran-owned business be at least 51 percent owned and controlled by a veteran, the business must be incorporated as a domestic corporation in Washington or be an enterprise whose principal place of business is in Washington.

The VA must maintain a list of the certified veteran-owned businesses.

The VA must notify the State Treasurer of veteran-owned businesses that have participated in the Linked Deposit Program and are no longer certified.

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: The bill supports veteran-owned businesses by creating jobs and authorizes certification stickers for the businesses. The bill allows local veteran-owned businesses to be part of the certified list by requiring that the business is incorporated in Washington or has its principal place of business in Washington. The community will have access to the list of certified veteran-owned businesses. The bill cleans up the existing veteran-owned business registry by requiring businesses to be in Washington and the requirements for the certification process. Certification opens up access to the Linked Deposit Program. The bill has a smaller scope than HB 1909 because it cleans up the statute internally without adding anything.

Persons Testifying: PRO: Representative Hunt, prime sponsor; Heidi Audette, VA.