

# SENATE BILL REPORT

## SB 6497

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As of February 5, 2014

**Title:** An act relating to the minority and women's business enterprises account.

**Brief Description:** Concerning the minority and women's business enterprises account.

**Sponsors:** Senators McCoy, Chase, Hasegawa, Conway, Fain, Kohl-Welles and McAuliffe; by request of Office of Minority and Women's Business Enterprises.

**Brief History:**

**Committee Activity:** Ways & Means: 2/03/14.

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### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Julie Murray (786-7711)

**Background:** The Office of Minority and Women's Business Enterprises (OMWBE) was created in 1983 and is the sole authority for certifying minority, women-owned, and socially and economically disadvantaged businesses throughout the state for the purpose of increasing their participation in public works contracts and public contracts for goods and services. The programs for which OMWBE certifies businesses include the Washington State Minority and Women's Business Enterprise Program, the Washington State Department of Transportation Disadvantaged Business Enterprise (DBE) program, and the Federal Aviation Administration Airport Concessionaire DBE program.

OMWBE is authorized to impose and collect penalties from contractors for prohibited acts such as submitting fraudulent information or applications for certification to OMWBE; fraudulently obtaining or retaining certification as a minority or women's business enterprise; knowingly making false statements that any entity is or is not certified as a minority or women's business enterprise to obtain a contract; and fraudulently receiving public money designated for certified firms. Penalties include withholding contract payments, debarring the contractor, suspending or terminating the contract, and subjecting the contractor to civil penalties of up to 10 percent of the amount of the contract or up to \$5,000 for each violation. Penalty receipts, if collected, are credited to the state general fund.

The Minority and Women's Business Enterprises Account (Account) is established in statute. Expenditures from the Account may be used only after appropriation and authorization by

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OMWBE's director, or the director's designee, for the purposes of defraying all or part of the costs of administering OMWBE's statutory obligations.

**Summary of Bill:** Receipts from penalties imposed by OMWBE are deposited in the Account.

**Appropriation:** None.

**Fiscal Note:** Available.

**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: OWMBE has recently imposed penalties for fraudulent activities, amounting to potentially \$128,000. This bill would allow OWMBE to retain these penalties to offset the cost of their enforcement activities.

**Persons Testifying:** PRO: Senator McCoy, prime sponsor; Amanda Migchelbrink, OMWBE.