

WAC 326-20-230 Factors considered in determining performance of commercially useful function. (1) A business performs a commercially useful function when:

(a) The work to be performed by the business is within the scope of work included in the North American Industrial Classification System code(s) that the business is certified under or applying to be certified under.

(b) The business is or will be responsible for executing a distinct element of work in the performance of a contract and is carrying out its responsibilities by actually performing, managing, and supervising the work involved; and

(c) The business is responsible, with respect to materials and supplies used on the contract, for negotiating price, determining quality and quantity, ordering the material, and installing (when applicable) and paying for the material itself.

(2) A business does not perform a commercially useful function when:

(a) Its role is limited to that of an extra participant in a transaction, contract, or project through which funds are passed in order to obtain the appearance of participation. The agency will consider similar transactions in which certified firms do not participate to evaluate standard industry practice.

(b) It does not exercise responsibility for at least thirty percent of the total cost of its contract with its own workforce, or it subcontracts a greater portion of the work of a contract than would be expected on the basis of normal industry practice for the type of work involved.

[Statutory Authority: RCW 39.19.030 and 39.19.120. WSR 19-13-014, amended and recodified as § 326-20-230, filed 6/7/19, effective 7/8/19; WSR 04-08-093, § 326-02-045, filed 4/6/04, effective 5/7/04. Statutory Authority: RCW 39.19.030(7). WSR 92-11-007, § 326-02-045, filed 5/11/92, effective 6/11/92.]