

HOUSE BILL REPORT

HB 2481

*As Reported By House Committee on:
Local Government*

Title: An act relating to contracts let by first class cities.

Brief Description: Revising requirements for the solicitation and employment of women and minority businesses by contractors with first class cities.

Sponsor(s): Representatives Wang and J. Kohl.

Brief History:

Reported by House Committee on:
Local Government, February 7, 1992, DPS.

**HOUSE COMMITTEE ON
LOCAL GOVERNMENT**

Majority Report: *The substitute bill be substituted therefor and the substitute bill do pass.* Signed by 15 members: Representatives Haugen, Chair; Cooper, Vice Chair; Ferguson, Ranking Minority Member; Mitchell, Assistant Ranking Minority Member; Bray; Edmondson; Franklin; Horn; Nealey; Nelson; Rayburn; Roland; Wood; Wynne; and Zellinsky.

Staff: Bill Lynch (786-7092).

Background: Every contract between a first class city and a contractor for any public work or improvement that exceeds \$10,000, or for the construction of water mains that exceeds \$15,000, must contain a clause stating that minority group participation will be solicited. The clause must provide that the contractor will actively solicit the employment of minority group members, and will actively solicit bids for the subcontracting of goods or services from qualified minority businesses.

The contractor is required to provide evidence that the contractor actively solicited the employment of minorities. The contractor is also required, when considering the granting of subcontracts, to evaluate substantially equal proposals in the light most favorable to minority businesses. The contractor must provide evidence as part of the bid on the public work or improvement that minorities were actively solicited for employment and for subcontracts.

A "minority business" is defined as a business with at least 51 percent ownership by minority group members. Minority group members include, but are not limited to, blacks, women, American Indians, Orientals, Eskimos, Aleuts, and Spanish Americans.

It has been suggested that the amount should be raised for public works contracts containing the clause requiring the solicitation of minority group participation. Language contained in the statute should also be updated.

Summary of Substitute Bill: A clause requiring the solicitation of minority group participation must be contained in every contract exceeding \$25,000 for public works or improvements, and in every contract exceeding \$30,000 for the construction of water mains, between a first class city and a contractor.

The definition of a minority business is deleted. There is no requirement that a minority business must be at least 51 percent owned by minority group members. Women are listed separately from minority group members. Contractors must actively solicit bids for subcontracts with women and minority businesses that are certified by the Office of Minority and Women's Business Enterprises.

Substitute Bill Compared to Original Bill: Language is added to provide that when bids are actively solicited from minority and women businesses, that they are businesses that are certified by the Office of Minority and Women's Business Enterprises. Technical amendments are also made to remove archaic language.

Fiscal Note: Not requested.

Effective Date of Substitute Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: This will make the contract amounts more consistent with federal requirements and contracts that must be competitively bid.

Testimony Against: None.

Witnesses: Representative Art Wang, prime sponsor; Delfin Ramos, city of Tacoma; Rick Slunaker, Associated General Contractors; and Stan Finkelstein, Association of Washington Cities.