
ENGROSSED SUBSTITUTE HOUSE BILL 1493

State of Washington

53rd Legislature

1993 Regular Session

By House Committee on Trade, Economic Development & Housing (originally sponsored by Representatives Wineberry, Forner, Shin, Sheldon, Leonard, Basich, Locke, J. Kohl, Morris and Anderson)

Read first time 03/03/93.

1 AN ACT Relating to minority and women-owned businesses; amending
2 RCW 43.31.085, 43.31.055, 39.19.060, 43.168.030, 43.168.050,
3 43.168.070, 43.168.100, 43.31.091, and 43.31.092; adding a new section
4 to chapter 43.210 RCW; adding a new section to chapter 43.31 RCW;
5 adding a new section to chapter 39.19 RCW; adding a new section to
6 chapter 43.168 RCW; adding new sections to chapter 43.131 RCW; adding
7 a new chapter to Title 43 RCW; creating new sections; recodifying RCW
8 43.31.091 and 43.31.092; providing an effective date; and declaring an
9 emergency.

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

11 NEW SECTION. **Sec. 1.** INTENT. It is the intent of the legislature
12 to combat discrimination in the economy.

13 (1) The legislature finds that discrimination is in part
14 responsible for:

15 (a) The disproportionately small percentage of the state's
16 businesses that are owned by minorities and women;

17 (b) The limited and unequal opportunity minority and women
18 entrepreneurs and business owners have to procure small business
19 financing; and

1 (c) The difficulty many minority and women-owned contracting
2 businesses have in securing bonds and contract work.

3 (2) The legislature further finds that:

4 (a) Many minority and women entrepreneurs and business owners lack
5 training in how to establish and operate a business. This lack of
6 training inhibits their competitiveness when they apply for business
7 loans, bonds, and contracts;

8 (b) Minorities and women are an increasingly expanding portion of
9 the population and work force. In order for these individuals to fully
10 contribute to the society and economy it is necessary to ensure that
11 minority and women entrepreneurs and business owners are provided an
12 equal opportunity to procure small business financing, bonds, and
13 contracts; and

14 (c) The growth of small businesses will have a favorable impact on
15 the Washington economy by creating jobs, increasing competition in the
16 marketplace, and expanding tax revenues. Access to financial markets,
17 bonds, and contracts by entrepreneurs and small business owners is
18 vital to this process. Without reasonable access to financing, bonds,
19 and contracts, talented and aggressive entrepreneurs and small business
20 owners are cut out of the economic system and the state's economy
21 suffers.

22 (3) Therefore, the legislature declares there to be a substantial
23 public purpose in providing technical assistance in the areas of
24 marketing, finance, and management, and access to capital resources,
25 bonds, and contracts, to help start or expand a minority or women-owned
26 business, and specifically to encourage and make possible greater
27 participation by minorities and women in international trade, public
28 works and construction, and public facility concessions. To accomplish
29 these purposes, it is the intent of the legislature to:

30 (a) Develop or contract for training courses in financing,
31 marketing, managing, accounting, and recordkeeping for a small business
32 and to make these programs available to minority and women
33 entrepreneurs and small business owners;

34 (b) Make public works and construction projects, public facility
35 concessions, and purchase of goods and services accessible to a greater
36 number of minority and women-owned businesses;

37 (c) Provide for the lending of nonstate funds to qualified minority
38 and women entrepreneurs and business owners in order to provide the
39 maximum practicable opportunity for innovative minority and women

1 entrepreneurs and business owners to compete for small business
2 financing; and

3 (d) Provide professional services assistance grants and bond
4 guarantees on behalf of qualified contractors in order to provide the
5 maximum practicable opportunity for minority and women-owned
6 contracting businesses to participate in the Washington state economy
7 by bidding and completing various public and private contracting jobs.

8 NEW SECTION. **Sec. 2.** DEFINITIONS. Unless the context clearly
9 requires otherwise, the definitions in this section apply throughout
10 this chapter.

11 (1) "Minority" means persons of color, including African-Americans,
12 Hispanic/Latino Americans, Native Americans, and Asian/Pacific
13 Islanders Americans;

14 (2) "Minority and women-owned business" means any resident minority
15 business enterprise or women's business enterprise, certified as such
16 by the office of minority and women's business enterprises under
17 chapter 39.19 RCW and consistent with subsection (1) of this section.

18 I. EDUCATION AND TECHNICAL ASSISTANCE

19 **Sec. 3.** RCW 43.31.085 and 1989 c 430 s 2 are each amended to read
20 as follows:

21 **MARKETING, FINANCE, AND MANAGEMENT ASSISTANCE.** The business
22 assistance center shall:

23 (1) Serve as the state's lead agency and advocate for the
24 development and conservation of businesses.

25 (2) Coordinate the delivery of state programs to assist businesses.

26 (3) Provide comprehensive referral services to businesses requiring
27 government assistance.

28 (4) Serve as the business ombudsman within state government and
29 advise the governor and the legislature of the need for new legislation
30 to improve the effectiveness of state programs to assist businesses.

31 (5) Aggressively promote business awareness of the state's business
32 programs and distribute information on the services available to
33 businesses.

34 (6) Develop, in concert with local economic development and
35 business assistance organizations, coordinated processes that
36 complement both state and local activities and services.

1 (7) (~~The business assistance center shall~~) Work with other
2 federal, state, and local agencies and organizations to ensure that
3 business assistance services including small business, trade services,
4 and distressed area programs are provided in a coordinated and cost-
5 effective manner.

6 (8) Provide or contract for technical assistance to minority and
7 women-owned business enterprises in a variety of areas, including, but
8 not limited to, marketing, finance, bidding and estimating assistance,
9 public contracting assistance, and management.

10 (9) In collaboration with the child care coordinating committee in
11 the department of social and health services, prepare and disseminate
12 information on child care options for employers and the existence of
13 the program. As much as possible, and through interagency agreements
14 where necessary, such information should be included in the routine
15 communications to employers from (a) the department of revenue, (b) the
16 department of labor and industries, (c) the department of community
17 development, (d) the employment security department, (e) the department
18 of trade and economic development, (f) the small business development
19 center, and (g) the department of social and health services.

20 (~~(+9)~~) (10) In collaboration with the child care coordinating
21 committee in the department of social and health services, compile
22 information on and facilitate employer access to individuals, firms,
23 organizations, and agencies that provide technical assistance to
24 employers to enable them to develop and support child care services or
25 facilities.

26 (~~(+10)~~) (11) Actively seek public and private money to support the
27 child care facility fund described in RCW 43.31.502, staff and assist
28 the child care facility fund committee as described in RCW 43.31.504,
29 and work to promote applications to the committee for loan guarantees,
30 loans, and grants.

31 **Sec. 4.** RCW 43.31.055 and 1985 c 466 s 6 are each amended to read
32 as follows:

33 EXPORT ASSISTANCE. The department shall assist in expanding the
34 state's role as a major international gateway for landing and
35 transshipping goods bound for domestic and foreign markets. The
36 department shall identify and work with Washington businesses,
37 especially women and minority-owned businesses and ethnic community-
38 based organizations, which can utilize state assistance to increase

1 domestic and foreign exports and are capable of increasing production
2 of goods and services, including but not limited to manufactured goods,
3 raw materials, services, and retail trade. The department shall
4 participate in trade and industry exhibitions both foreign and domestic
5 to promote and market state products and services. The department's
6 activities shall include, but not be limited to:

7 (1) Operating an active and vigorous effort to market the state's
8 products and services internationally, coordinated with private and
9 public international trade efforts throughout the state.

10 (2) Coordinating with the domestic and foreign export market
11 development activities of the state department of agriculture.

12 (3) Sending delegations to foreign countries and other states to
13 promote trade with Washington.

14 (4) Acting as a centralized location for the assimilation and
15 distribution of trade information.

16 (5) Identifying domestic and international markets in which
17 minority and women-owned businesses may have an advantage and providing
18 technical assistance to develop capacity for minority and women-owned
19 businesses to participate in international trade.

20 NEW SECTION. Sec. 5. A new section is added to chapter 43.210 RCW
21 to read as follows:

22 The small business export finance assistance center shall develop
23 a minority business export outreach program. The program shall provide
24 outreach services to minority businesses in Washington to inform them
25 of the importance of and opportunities in international trade, and to
26 inform them of the export assistance programs available to assist these
27 businesses to become exporters.

28 NEW SECTION. Sec. 6. A new section is added to chapter 43.31 RCW
29 to read as follows:

30 ENTREPRENEURIAL TRAINING COURSES. The department of trade and
31 economic development shall contract with public and private agencies,
32 institutions, and organizations to conduct entrepreneurial training
33 courses for minority and women-owned small businesses. The instruction
34 shall be intensive, practical training courses in financing, marketing,
35 managing, accounting, and recordkeeping for a small business, with an
36 emphasis on federal, state, local, or private programs available to
37 assist small businesses. The business assistance center may recommend

1 professional instructors, with practical knowledge and experience on
2 how to start and operate a business, to teach the courses. Instruction
3 shall be offered in major population centers throughout the state at
4 times and locations which are convenient for minority and women small
5 business owners and entrepreneurs.

6 NEW SECTION. **Sec. 7.** If specific funding for the purposes of
7 sections 5 and 6 of this act, referencing sections 5 and 6 of this act
8 by bill and section numbers, is not provided by June 30, 1993, in the
9 omnibus appropriations act, sections 5 and 6 of this act are null and
10 void.

11 II. FAIRNESS IN CONTRACTING AND CONCESSIONS

12 **Sec. 8.** RCW 39.19.060 and 1983 c 120 s 6 are each amended to read
13 as follows:

14 Each state agency and educational institution shall comply with the
15 annual goals established for that agency or institution under this
16 chapter for public works and procuring goods or services. This chapter
17 applies to all public works and procurement by state agencies and
18 educational institutions, including all contracts and other procurement
19 under chapters 28B.10, 39.04, 39.29, 43.19, and 47.28 RCW. Each state
20 agency shall adopt a plan, developed in consultation with the director
21 and the advisory committee, to insure that minority and women-owned
22 businesses are afforded the maximum practicable opportunity to directly
23 and meaningfully participate in the execution of public contracts for
24 public works and construction. In order to achieve the established
25 participation goals, this plan shall include, but not be limited to,
26 the agency contracting directly with certified minority and women-owned
27 businesses for public works, construction, and goods and services. The
28 office shall annually notify the governor, the state auditor, and the
29 legislative budget committee of all agencies and educational
30 institutions not in compliance with this chapter.

31 NEW SECTION. **Sec. 9.** A new section is added to chapter 39.19 RCW
32 to read as follows:

33 (1) State agencies shall not require a performance bond for any
34 public works project that does not exceed twenty-five thousand dollars
35 awarded to a prequalified and certified minority or woman-owned

1 business that has been prequalified as provided under subsection (2) of
2 this section.

3 (2) A limited prequalification questionnaire shall be required
4 assuring:

5 (a) That the bidder has adequate financial resources or the ability
6 to secure such resources;

7 (b) That the bidder can meet the performance schedule;

8 (c) That the bidder is experienced in the type of work to be
9 performed; and

10 (d) That all equipment to be used is adequate and functioning and
11 that all equipment operators are qualified to operate such equipment.

12 III. LOAN FUND AND GUARANTEES

13 **Sec. 10.** RCW 43.168.030 and 1985 c 164 s 3 are each amended to
14 read as follows:

15 (1) The Washington state development loan fund committee is
16 established as an entity within the department of community
17 development. The committee shall have (~~seven~~) eight members. The
18 director shall appoint the members, subject to the following
19 requirements: (a) Three members shall be experienced in investment
20 finance and have skills in providing capital to new and innovative
21 businesses, in starting and operating businesses and providing
22 professional services to small or expanding businesses; (b) two members
23 shall be residents of distressed areas; (c) one member shall represent
24 organized labor; (~~and~~) (d) one member shall represent a minority
25 business; and (e) one member shall represent a women-owned business.

26 Careful consideration in making these appointments shall be taken to
27 ensure that the various geographic regions of the state are
28 represented, that members will be available for meetings on a regular
29 basis, and will have a commitment to working with local governments and
30 local development organizations.

31 (2) Each member appointed by the director shall serve a term of
32 three years, except that of the members first appointed, two shall
33 serve two-year terms and two shall serve one-year terms. A person
34 appointed to fill a vacancy of a member shall be appointed in a like
35 manner and shall serve for only the unexpired term. A member is
36 eligible for reappointment. A member may be removed by the director
37 only for cause.

1 (3) The director shall designate a member of the board as its
2 chairperson. The committee may elect such other officers as it deems
3 appropriate. ((Four)) Five members of the committee constitute a
4 quorum and ((four)) five affirmative votes are necessary for the
5 transaction of business or the exercise of any power or function of the
6 committee.

7 (4) The members of the committee shall serve without compensation,
8 but are entitled to reimbursement for actual and necessary expenses
9 incurred in the performance of official duties in accordance with RCW
10 43.03.050 and 43.03.060.

11 (5) Members shall not be liable to the state, to the fund, or to
12 any other person as a result of their activities, whether ministerial
13 or discretionary, as members except for wilful dishonesty or
14 intentional violations of law. The department may purchase liability
15 insurance for members and may indemnify these persons against the
16 claims of others.

17 **Sec. 11.** RCW 43.168.050 and 1990 1st ex.s. c 17 s 74 are each
18 amended to read as follows:

19 (1) The committee may only approve an application providing a loan
20 for a project which the committee finds:

21 (a) Will result in the creation of employment opportunities ((or)),
22 the maintenance of threatened employment, or development or expansion
23 of business ownership by minorities and women;

24 (b) Has been approved by the director as conforming to federal
25 rules and regulations governing the spending of federal community
26 development block grant funds;

27 (c) Will be of public benefit and for a public purpose, and that
28 the benefits, including increased or maintained employment, improved
29 standard of living, ((and)) the employment of disadvantaged workers,
30 and development or expansion of business ownership by minorities and
31 women, will primarily accrue to residents of the area;

32 (d) Will probably be successful;

33 (e) Would probably not be completed without the loan because other
34 capital or financing at feasible terms is unavailable or the return on
35 investment is inadequate.

36 (2) The committee shall, subject to federal block grant criteria,
37 give higher priority to economic development projects that contain
38 provisions for child care.

1 (3) The committee may not approve an application if it fails to
2 provide for adequate reporting or disclosure of financial data to the
3 committee. The committee may require an annual or other periodic audit
4 of the project books.

5 (4) The committee may require that the project be managed in whole
6 or in part by a local development organization and may prescribe a
7 management fee to be paid to such organization by the recipient of the
8 loan or grant.

9 (5)(a) Except as provided in (b) of this subsection, the committee
10 shall not approve any application which would result in a loan or grant
11 in excess of three hundred fifty thousand dollars.

12 (b) The committee may approve an application which results in a
13 loan or grant of up to seven hundred thousand dollars if the
14 application has been approved by the director.

15 (6) The committee shall fix the terms and rates pertaining to its
16 loans.

17 (7) Should there be more demand for loans than funds available for
18 lending, the committee shall provide loans for those projects which
19 will lead to the greatest amount of employment or benefit to a
20 community. In determining the "greatest amount of employment or
21 benefit" the committee shall also consider the employment which would
22 be saved by its loan and the benefit relative to the community, not
23 just the total number of new jobs or jobs saved.

24 (8) To the extent permitted under federal law the committee shall
25 require applicants to provide for the transfer of all payments of
26 principal and interest on loans to the Washington state development
27 loan fund created under this chapter. Under circumstances where the
28 federal law does not permit the committee to require such transfer, the
29 committee shall give priority to applications where the applicants on
30 their own volition make commitments to provide for the transfer.

31 (9) The committee shall not approve any application to finance or
32 help finance a shopping mall.

33 (10) For loans not made to minority and women-owned businesses, the
34 committee shall make at least eighty percent of the appropriated funds
35 available to projects located in distressed areas, and may make up to
36 twenty percent available to projects located in areas not designated as
37 distressed. For loans not made to minority and women-owned businesses,
38 the committee shall not make funds available to projects located in

1 areas not designated as distressed if the fund's net worth is less than
2 seven million one hundred thousand dollars.

3 (11) If an objection is raised to a project on the basis of unfair
4 business competition, the committee shall evaluate the potential impact
5 of a project on similar businesses located in the local market area.
6 A grant may be denied by the committee if a project is not likely to
7 result in a net increase in employment within a local market area.

8 (12) For loans to minority and women-owned businesses who do not
9 meet the credit criteria, the committee may consider nontraditional
10 credit standards to offset past discrimination that has precluded full
11 participation of minority or women-owned businesses in the economy.
12 For applicants with high potential who do not meet the credit criteria,
13 the committee shall consider developing alternative borrowing methods.
14 For applicants denied loans due to credit problems, the committee shall
15 provide financial counseling within available resources and provide
16 referrals to credit rehabilitation services. In circumstances of
17 competing applications, priority shall be given to members of eligible
18 groups which previously have been least served by this fund.

19 NEW SECTION. Sec. 12. A new section is added to chapter 43.168
20 RCW to read as follows:

21 Subject to the restrictions contained in this chapter, the
22 committee is authorized to approve applications of minority and women-
23 owned businesses for loans or loan guarantees from the fund.
24 Applications approved by the committee under this chapter shall conform
25 to applicable federal requirements. The committee shall prioritize
26 available funds for loan guarantees rather than loans when possible.
27 The committee may enter into agreements with other public or private
28 lending institutions to develop a joint loan guarantee program for
29 minority and women-owned businesses. If such a program is developed,
30 the committee may provide funds, in conjunction with the other
31 organizations, to operate the program. This section does not preclude
32 the committee from making individual loan guarantees.

33 **Sec. 13.** RCW 43.168.070 and 1987 c 461 s 5 are each amended to
34 read as follows:

35 The committee may receive and approve applications on a monthly
36 basis but shall receive and approve applications on at least a
37 quarterly basis for each fiscal year. The committee shall make every

1 effort to simplify the loan process for applicants. Department staff
2 shall process and assist in the preparation of applications. Each
3 application shall show in detail the nature of the project, the types
4 and numbers of jobs to be created, wages to be paid to new employees,
5 and methods to hire unemployed persons from the area. Each application
6 shall contain a credit analysis of the business to receive the loan.
7 The chairperson of the committee may convene the committee on short
8 notice to respond to applications of a serious or immediate nature.

9 **Sec. 14.** RCW 43.168.100 and 1986 c 204 s 1 are each amended to
10 read as follows:

11 The committee may make grants of state funds to local governments
12 which qualify as "entitlement communities" under the federal law
13 authorizing community development block grants. These grants may only
14 be made on the condition that the entitlement community provide the
15 committee with assurances that it will: (1) Spend the grant moneys for
16 purposes and in a manner which satisfies state constitutional
17 requirements; (2) spend the grant moneys for purposes and in a manner
18 which would satisfy federal requirements; and (3) spend ((double the))
19 at least the same amount of the grant for loans to businesses from the
20 federal funds received by the entitlement community.

21 IV. BONDING ASSISTANCE

22 NEW SECTION. **Sec. 15.** DEFINITIONS. Unless the context clearly
23 requires otherwise, the definitions in this section apply throughout
24 sections 16 through 25 of this act.

25 (1) "Approved surety company" means a surety company approved by
26 the department for participation in providing direct bonding assistance
27 to qualified contractors.

28 (2) "Bond" means any bond or security required for bid, payment, or
29 performance of contracts.

30 (3) "Department" means the department of trade and economic
31 development.

32 (4) "Program" means the Washington state small business bonding
33 assistance program provided for in this chapter.

34 (5) "Qualified contractor" means any resident minority business
35 enterprise or women's business enterprise, as determined by the
36 department to be consistent with the requirements of chapter 39.19 RCW

1 and engaged in the contracting business, which has obtained a
2 certificate of accreditation from the Washington state small business
3 bonding assistance program.

4 NEW SECTION. **Sec. 16.** PROGRAM ESTABLISHED. There is established
5 within the department of trade and economic development the Washington
6 state small business bonding assistance program to assist resident
7 minority and women-owned small contracting businesses to acquire the
8 managerial and financial skills, standards, and assistance necessary to
9 enable them to obtain bid, payment, and performance bonds from surety
10 companies for either advertised or designated contracts. The
11 department shall implement the program by establishing a course of
12 instruction as set forth in section 18 of this act. The department
13 shall encourage surety companies and other private interests to help
14 implement this course of instruction to assist minority and women-owned
15 small contracting businesses. The department shall adopt rules to
16 ensure the proper implementation of the program set forth in this
17 chapter.

18 NEW SECTION. **Sec. 17.** ASSISTANCE. The department shall seek
19 information, advice, and assistance from regional minority contractor
20 organizations, and the United States small business administration and
21 any other appropriate organization or agency.

22 The following departments, offices, and agencies shall, at the
23 request of the department, provide information, advice, and assistance
24 to the department:

- 25 (1) The department of general administration;
26 (2) The Washington state business assistance center;
27 (3) The office of the insurance commissioner;
28 (4) The Washington state economic development finance authority;
29 and
30 (5) The office of minority and women's business enterprises.

31 NEW SECTION. **Sec. 18.** SPECIALIZED INSTRUCTION FOR SMALL
32 CONTRACTING BUSINESSES. The business assistance center shall modify
33 the entrepreneurial training course established in section 6 of this
34 act in order to provide instruction which is appropriate to the
35 specific needs of contracting businesses. This course of instruction
36 shall be available to resident minority and women small business

1 contractors. The instruction shall be intensive, practical training
2 courses in financing, bidding for contracts, managing, accounting, and
3 recordkeeping for a contracting business, with an emphasis on federal,
4 state, local, or private programs available to assist small
5 contractors. The business assistance center shall appoint professional
6 instructors, with practical knowledge and experience in the field of
7 small business contracting, to teach those courses developed to meet
8 the specific needs of contracting businesses. Instruction shall be
9 offered in major population centers throughout the state at times and
10 locations which are convenient for people in the contracting business.

11 NEW SECTION. **Sec. 19.** ACCREDITATION OF SMALL CONTRACTING
12 BUSINESSES. Any resident minority or woman small business contractor
13 may select a key management employee or employees to attend any course
14 of instruction established under section 6 of this act. When the
15 records, maintained by the business assistance center, indicate that a
16 key management employee of a small contracting business has attended
17 all the courses offered, and has successfully completed any tests
18 required, the department shall award the small contracting business a
19 certificate of accreditation which acknowledges successful completion
20 of the courses. The department may also award a certificate of
21 accreditation if a review of the key management employee's education,
22 experience, and business history indicates that the business already
23 possesses the knowledge and skills offered through the course of
24 instruction, or if the key management employee successfully completes
25 all tests required of those who attend the entrepreneurial training
26 course.

27 NEW SECTION. **Sec. 20.** PROFESSIONAL SERVICES ASSISTANCE--GRANTS.
28 Any qualified contractor seeking a grant for professional services
29 assistance may apply to the department. If approved, the department
30 may enter into an agreement to provide a grant of up to two thousand
31 five hundred dollars on behalf of a qualified contractor for the
32 acquisition of the professional services of certified public
33 accountants, construction management companies, or any other technical,
34 surety, financial, or managerial professionals. This assistance is
35 only available to a qualified contractor on a one-time basis.

1 NEW SECTION. **Sec. 21.** GRANT MONITORING. The department shall
2 administer all grants issued to assist qualified contractors and shall
3 monitor the performance of all grant recipients in order to provide
4 such further assistance as is necessary to ensure that all program
5 requirements are met and that the program's purpose is fulfilled.
6 However, nothing in this chapter should be construed to restrict the
7 rendering of program services to any qualified contractor over and
8 above the services provided by the grant.

9 NEW SECTION. **Sec. 22.** BOND GUARANTEE APPLICATIONS. If a
10 qualified contractor makes a bond application to an approved surety
11 company for a public or private contracting job, but fails to obtain
12 the bond because the contractor is unable to meet the requirements of
13 the surety company on such bonding contracts, for reasons other than
14 nonperformance, and if the approved surety company applies to the
15 department to have the bond guaranteed by the program, then the
16 department may provide a bond guarantee of up to seventy-five thousand
17 dollars on behalf of the qualified contractor.

18 NEW SECTION. **Sec. 23.** BOND GUARANTEE APPROVAL. Upon receipt of
19 an approved surety company's application for a bond guarantee, the
20 program supervisor shall review the application in order to verify
21 that:

- 22 (1) The bond being sought by the qualified contractor is needed;
23 (2) The contracting job is within the qualified contractor's
24 capability to perform; and
25 (3) The qualified contractor has not been denied a bond due to
26 nonperformance.

27 Based upon subsections (1) through (3) of this section, the
28 department shall either approve or disapprove the application. If the
29 application is approved, the department has the authority to enter into
30 a contract with the approved surety company. Under the terms of this
31 contract the approved surety company shall enter into a contract with,
32 and issue the required bond to, the qualified contractor at the
33 standard fees and charges usually made by the company for the type and
34 amount of the bond issued. The bond issued by the approved surety
35 company shall be guaranteed by money in the program fund. The approved
36 surety company shall also agree to make a reasonable, good faith effort
37 to pursue and collect any claims it may have against a qualified

1 contractor who defaults on a bond guaranteed by the program, including,
2 but not limited to, the institution of legal proceedings against the
3 defaulting contractor, prior to collecting on the guarantee.

4 NEW SECTION. **Sec. 24.** PROGRAM FUND ESTABLISHED. The Washington
5 state small business bonding assistance program fund is created in the
6 state treasury. Any amounts appropriated, donated, or granted to the
7 program shall be deposited and credited to the program fund. Moneys in
8 the program fund may be spent only after appropriation. Expenditures
9 from the program fund shall only be used as follows:

10 (1) To pay the implementation costs of the program provided for in
11 this chapter;

12 (2) To be disbursed by the department to enable qualified
13 contractors to obtain services provided for in this chapter; and

14 (3) To guarantee bonds issued pursuant to sections 22 and 23 of
15 this act and to pay such bonds in the event of default by a qualified
16 contractor.

17 However, the full faith and credit of the state of Washington shall
18 not be used to secure the bonds and the state's liability shall be
19 limited to the money appropriated by the legislature.

20 NEW SECTION. **Sec. 25.** FUND SUPPORT. The department shall solicit
21 funds and support from surety companies and other public and private
22 entities with an interest in assisting Washington's small business
23 contractors and may enter into agreements with such companies and
24 interests by which they provide funds to the program fund to be matched
25 with funds from nonstate sources.

26 NEW SECTION. **Sec. 26.** The department may receive gifts, grants,
27 and endowments from public or private sources that may be made from
28 time to time, in trust or otherwise, for the use and benefit of the
29 Washington state small business bonding assistance program and spend
30 gifts, grants, endowments or any income from the public or private
31 sources according to their terms.

32 NEW SECTION. **Sec. 27.** If specific funding for the purposes of
33 sections 15 through 26 of this act, referencing sections 15 through 26
34 of this act by bill and section numbers, is not provided by June 30,

1 1993, in the omnibus appropriations act, sections 15 through 26 of this
2 act are null and void.

3 V. MISCELLANEOUS

4 **Sec. 28.** RCW 43.31.091 and 1990 c 297 s 9 are each amended to read
5 as follows:

6 The business assistance center and its powers and duties shall be
7 terminated on June 30, (~~(1993)~~) 1995, as provided in RCW 43.31.092.

8 **Sec. 29.** RCW 43.31.092 and 1990 c 297 s 10 are each amended to
9 read as follows:

10 The following acts or parts of acts, as now existing or hereafter
11 amended, are each repealed, effective June 30, (~~(1994)~~) 1996:

12 (1) Section 2, chapter 348, Laws of 1987 and RCW 43.31.083;

13 (2) Section 11, chapter 466, Laws of 1985, section 3, chapter 348,
14 Laws of 1987, section 2, chapter 430, Laws of 1989 and RCW 43.31.085;

15 (3) Section 4, chapter 348, Laws of 1987 and RCW 43.31.087; and

16 (4) Section 5, chapter 348, Laws of 1987 and RCW 43.31.089.

17 NEW SECTION. **Sec. 30.** RCW 43.31.091 and 43.31.092 are each
18 recodified as sections in chapter 41.131 RCW.

19 NEW SECTION. **Sec. 31.** This act may be known and cited as the
20 omnibus minority and women-owned businesses assistance act.

21 NEW SECTION. **Sec. 32.** Sections 1, 2, and 15 through 26 of this
22 act shall constitute a new chapter in Title 43 RCW.

23 NEW SECTION. **Sec. 33.** CAPTIONS NOT LAW. Part headings and
24 section captions as used in this act do not constitute part of the law.

25 NEW SECTION. **Sec. 34.** If any provision of this act or its
26 application to any person or circumstance is held invalid, the
27 remainder of the act or the application of the provision to other
28 persons or circumstances is not affected.

29 NEW SECTION. **Sec. 35.** This act is necessary for the immediate
30 preservation of the public peace, health, or safety, or support of the

1 state government and its existing public institutions, and shall take
2 effect July 1, 1993.

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