



MINORITY BUSINESS ACT

House Bill 4499

Sponsor: Rep. Morris Hood, Jr.

**Committee: Civil Rights, Constitution
and Women's Issues**

Complete to 4-19-93

A SUMMARY OF HOUSE BILL 4499 AS INTRODUCED 3-16-93

The bill would repeal Public Act 428 of 1980, which provides for state procurement from businesses owned by women and minorities, and would replace it with the Women and Minority Businesses Utilization Act, to address the underutilization of women- and minority-owned businesses for the state's procurement of goods, services, and construction. The Department of Management and Budget would provide appropriate staff to implement the provisions of the act.

Procurement Requirements. Under the bill, the percentage of expenditures for construction, goods, and services for each department of state government would be awarded to women- and minority-owned businesses (at least 50 percent owned, controlled and operated by women or minorities) according to the following requirements:

-- For minority-owned businesses, the percentage could not be less than seven percent of expenditures.

-- For businesses owned by women, the percentage could not be less than five percent of expenditures.

Only the portion of a prime contract that reflected women- or minority-owned business participation would be considered in meeting the above requirements. A women- or minority-owned business that received a contract as a prime contractor would remain as the prime contractor through the duration of the contract. In addition, women- and minority-owned businesses would have to comply with the same requirements expected of other bidders, including being adequately bonded. If the bidders for any contract did not include a qualified women- or minority-owned business, then the contract would be awarded to the lowest bidder otherwise qualified to perform the contract. If certified women- or minority-owned businesses were not available in a particular business to meet the required percentages, then the governor would review that particular business each year until the required percentage was reached.

Subcontracts and Joint Ventures. The bill would also require that each department include provisions to accommodate subcontracts and joint ventures. The provisions would be established by the governor, and would require bidders to indicate the extent of women-owned and minority-owned business participation.

Procurement Policy. A procurement policy for each executive department would be established by the governor to establish the method of meeting the projected expenditure percentages. The governor would also submit a detailed annual report to the legislature on the results of the policy, including the specific contracts awarded by each department and the type of business engaged in by the person awarded the contract.

Certification. A sworn affidavit would be required from each applicant who wished to be certified as a women- or minority-owned business to bid on state contracts. The affidavit would identify all ownership interests in the business and would be filed with the governor, or a department designated by the governor.

Penalties. A violation or a conspiracy to violate the act, or to knowingly and fraudulently procure or attempt to procure a contract with the state as a women- or minority-owned business, would be a felony, punishable by imprisonment for up to two years, or a fine of not less than \$5,000, or both. In addition, a person who violated the act would be barred from obtaining future contracts with the state.

MCL 450.771 et al.