

GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2007

Legislative Fiscal Note

BILL NUMBER: House Bill 977 (First Edition)

SHORT TITLE: Statewide Certification of HUBs

SPONSOR(S): Representatives Adams and Womble

| FISCAL IMPACT | | | | | |
|---|--------------------------|--------------------------|----------------------------------|--------------------------|--------------------------|
| | Yes () | No (X) | No Estimate Available () | | |
| | <u>FY 2007-08</u> | <u>FY 2008-09</u> | <u>FY 2009-10</u> | <u>FY 2010-11</u> | <u>FY 2011-12</u> |
| EXPENDITURES: | \$0 | \$0 | \$0 | \$0 | \$0 |
| POSITIONS (cumulative): | 0 | 0 | 0 | 0 | 0 |
| PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: The Department of Administration's Office of Historically Underutilized Businesses. | | | | | |
| EFFECTIVE DATE: Effective when it becomes law. | | | | | |

BILL SUMMARY:

This bill authorizes the Secretary of Administration to develop and administer a statewide uniform certification program for Historically Underutilized Businesses (herein referred to as HUBs) doing business with State departments, agencies, and institutions, and political subdivisions of the State. These duties include: (1) the establishment of statewide uniform rules of certification of HUBs; (2) the creation and maintenance of a statewide database of HUBs; and (3) consultation with stakeholders across the state on the creation of such a program. This bill is identical to S320, filed 2/22/07. *Source: Bill Digest H.B. 977 (03/21/0200).*

ASSUMPTIONS AND METHODOLOGY:

The primary difference between the current statutes (G.S. 143-48(d1) and G.S. 143-128.3(e1)) and this bill is the requirement that the Secretary of Administration seek input in the establishment of statewide uniform certification standards for HUBs. The Secretary of Administration currently has the authority to adopt the rules and procedures for the certification of HUBs and is required to maintain a database of businesses currently certified as HUBs. The existing statutory requirements are intended to be Statewide, which require the Secretary of Administration to adopt rules and procedures for the certification of HUBs and to maintain the database. Therefore, apart from

seeking input from State departments, agencies, institutions, or political subdivisions to set qualification and criteria standards, no expansion of duties or responsibilities exists as a result of this legislation.

The Department of Administration requested three HUB Outreach/Certification Specialist positions and additional funds to implement the requirements of this legislation. However, the minimal statutory change to seek input does not justify additional staff or contractual services. Fiscal Research determines that this task may be completed with existing resources and therefore estimates no substantive fiscal impact from this legislation.

SOURCES OF DATA: The Department of Administration, Office of Historically Underutilized Businesses.

TECHNICAL CONSIDERATIONS:

It is the understanding of Fiscal Research that this bill is intended to simplify the HUB application process by creating and enforcing statewide uniform standards. Rather than applying to a single clearinghouse, HUBs are currently required to meet varying criteria in a number of different political subdivisions across the State. For example, some localities have certification processes that vary significantly from the State's standards; thus, they lack uniformity. It appears to be the intent of this legislation to require State agencies and localities to adhere to statewide uniform certification processes that are controlled by the Department of Administration. As currently written, though, this legislation lacks this power.

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DATE: May 1, 2007



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