

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

H.B. 868
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HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH10485-LMa-104

Short Title: Study/HUB State Contracts. (Public)

Sponsors: Representatives Harrison, Clemmons, Hardister, and Quick (Primary Sponsors).

Referred to:

A BILL TO BE ENTITLED

AN ACT AUTHORIZING THE DEPARTMENT OF ADMINISTRATION TO CONDUCT A STUDY TO DETERMINE WHETHER THERE ARE WAYS IN WHICH THE STATE'S PROCUREMENT LAWS AND PRACTICES CAN BE IMPROVED TO INCREASE THE PARTICIPATION OF HISTORICALLY UNDERUTILIZED BUSINESSES IN STATE CONTRACTS AND APPROPRIATING FUNDS FOR THE STUDY.

The General Assembly of North Carolina enacts:

SECTION 1. The Department of Administration shall conduct a study on the availability and utilization of certified historically underutilized businesses, as defined in G.S. 143-128.4, in State contracts. For purposes of the study, the phrase "State contract" means contracts for construction or repair work, contracts for professional services, and contracts for apparatus, supplies, materials, or equipment. The study shall, at a minimum, include the following, but shall include other matters related to the availability and utilization of historically underutilized businesses in State contracts:

- (1) A review of the State's procurement statutes, policies, procedures, and programs.
- (2) A determination of the number of historically underutilized businesses that have been certified under G.S. 143-128.4.
- (3) An analysis of the utilization of certified historically underutilized businesses in State contracts, particularly in the time since the last State disparity study was conducted in 2003, including the number of certified historically underutilized businesses that have been granted State contracts, the total number of contracts awarded to each certified business, and the total dollar value of each contract awarded.
- (4) The State's efforts to inform historically underutilized businesses about the certification process under G.S. 143-128.4.
- (5) A review of false statements knowingly provided in affidavits or documents required under G.S. 143-128.2, and the number of false statements that have been reported to the Attorney General as required by G.S. 143-128.4(f)(3).
- (6) A review of false statements or information knowingly provided to or obtained by the Department of Administration claiming that a business met the definition of a historically underutilized business as defined in G.S. 143-128.4(a).
- (7) An analysis of measures that can be implemented to reduce misrepresentations about whether a business is a historically underutilized business, including revoking the certification as a historically underutilized business and auditing



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- 1 businesses to ensure that the management and daily business operations are
- 2 controlled by one or more owners who are members of at least one of the
- 3 groups described in G.S. 143-128.4(b).
- 4 (8) An analysis of the database maintained by the Department of Administration,
- 5 as required by G.S. 143-128.4(c)(1), to determine whether the information in
- 6 the database can be improved to ensure greater utilization of certified
- 7 historically underutilized businesses in State contracts.
- 8 (9) An analysis of additional policies, regulations, or programs that can be
- 9 implemented by the State to assist certified historically underutilized
- 10 businesses in being awarded State contracts, including (i) programs to help
- 11 certified historically underutilized businesses secure bid bonds executed by a
- 12 corporate surety licensed in the State, (ii) the creation of a commission to work
- 13 with the State and federal governments to improve economic opportunities for
- 14 certified historically underutilized businesses, and (iii) changes to current laws
- 15 and policies to promote and support the utilization of certified historically
- 16 underutilized businesses in State contracts.

17 **SECTION 2.** There is appropriated from the General Fund to the Department of
18 Administration the sum of one million dollars (\$1,000,000) in nonrecurring funds for the
19 2019-2020 fiscal year to contract with a private entity to conduct the study authorized in Section
20 1 of this act. By May 1, 2020, the Department of Administration shall present the findings of the
21 study, including any recommendations for legislation, to the General Assembly, the Joint
22 Legislative Oversight Committee on General Government, and the Fiscal Research Division.

23 **SECTION 3.** This act becomes effective July 1, 2019.