

STATE OF NEW YORK

3390--A

Cal. No. 599

2021-2022 Regular Sessions

IN SENATE

January 29, 2021

Introduced by Sens. BAILEY, RYAN -- read twice and ordered printed, and when printed to be committed to the Committee on Procurement and Contracts -- recommitted to the Committee on Procurement and Contracts in accordance with Senate Rule 6, sec. 8 -- reported favorably from said committee, ordered to first and second report, ordered to a third reading, amended and ordered reprinted, retaining its place in the order of third reading

AN ACT to amend the executive law and the state finance law, in relation to minority and women-owned business enterprises post completion certification, duties of the director and creating the minority and women-owned business enterprise fund

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. The executive law is amended by adding a new section 314-a to read as follows:

§ 314-a. Post completion certification. The director, in collaboration with the division of minority and women's business development and the department of small business services, shall develop the following standardized certification forms that must be completed under penalty of perjury prior to the prime contractor being paid:

1. certification from a representative of the prime contractor that the minority or women-owned business enterprise in fact performed the services or provided the materials that they were contracted to perform or provide; and

2. certification from a representative of the minority or women-owned business enterprise that they in fact performed the services or provided the materials that they were contracted to perform or provide.

§ 2. Paragraphs (f) and (j) of subdivision 3 of section 311 of the executive law, paragraph (f) as amended by chapter 96 of the laws of 2019 and paragraph (j) as amended by chapter 825 of the laws of 2021,

EXPLANATION--Matter in italics (underscored) is new; matter in brackets [-] is old law to be omitted.

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1 are amended and three new paragraphs (l), (m) and (n) are added to read
2 as follows:

3 (f) to prepare and update, no less than annually, a directory of
4 certified minority and women-owned business enterprises which shall,
5 wherever practicable, be divided into categories of labor, services,
6 supplies, equipment, materials and recognized construction trades and
7 which shall indicate areas or locations of the state where such enter-
8 prises are available to perform services, and to use this information to
9 create an internet based, searchable, centralized state registry detail-
10 ing certifications, waivers, and all documents submitted pertaining to
11 certification or denial of certification, or compliance with goals for
12 utilization of minority and women-owned business enterprises;

13 (j) to make publicly available records of all waivers of compliance
14 reported pursuant to paragraph (b) of subdivision six of section three
15 hundred thirteen of this article on the division's website; ~~and~~

16 (l) to perform inspections of minority or women-owned business's place
17 of business, warehouse or storage facility to confirm the existence of a
18 workforce, equipment and supplies;

19 (m) to perform inspections of financial records of minority or women-
20 owned business enterprises to ensure such enterprises are in compliance
21 with applicable laws; and

22 (n) to ensure the protection of individuals who report suspected
23 violations of this article and applicable laws related to minority and
24 women-owned business enterprises.

25 § 3. Subdivision 1 of section 314 of the executive law, as amended by
26 chapter 96 of the laws of 2019, is amended to read as follows:

27 1. The director shall promulgate rules and regulations providing for
28 the establishment of a statewide certification program including rules
29 and regulations governing the approval, denial or revocation of any such
30 certification including revocations for convictions for fraudulently
31 misrepresenting the status of minority or women-owned business enter-
32 prises. Such rules shall set forth the maximum personal net worth of a
33 minority group member or woman who may be relied upon to certify a busi-
34 ness as a minority-owned business enterprise or women-owned business
35 enterprise with a minimum personal net worth threshold of fifteen
36 million dollars, and may thereafter establish different maximum levels
37 of personal net worth for minority group members and women on an indus-
38 try-by-industry basis for such industries as the director shall deter-
39 mine. Such regulations relating to the classification of the industry-
40 by-industry personal net worth thresholds above the fifteen million
41 dollar threshold shall consider the personal net worth of the owners of
42 both certified and non-certified businesses, including but not limited
43 to, prime contractors and subcontractors, as well as any such other
44 factors needed to establish such thresholds. Such rules and regulations
45 shall include, but not be limited to, such matters as may be required to
46 ensure that the established procedures thereunder shall at least be in
47 compliance with the code of fair procedure set forth in section seven-
48 ty-three of the civil rights law, and consistent with the provisions of
49 article twenty-three-A of the correction law.

50 § 4. Section 316 of the executive law, as amended by chapter 175 of
51 the laws of 2010, is amended to read as follows:

52 § 316. Enforcement. 1. Upon receipt by the director of a complaint by
53 a contracting agency that a contractor has violated the provisions of a
54 state contract which have been included to comply with the provisions of
55 this article or of a contractor that a contracting agency has violated
56 such provisions or has failed or refused to issue a waiver where one has

1 been applied for pursuant to subdivision six of section three hundred
2 thirteen of this article or has denied such application, the director
3 shall attempt to resolve the matter giving rise to such complaint. If
4 efforts to resolve such matter to the satisfaction of all parties are
5 unsuccessful, the director shall refer the matter, within thirty days of
6 the receipt of the complaint, to the division's hearing officers. Upon
7 conclusion of the administrative hearing, the hearing officer shall
8 submit to the director his or her decision regarding the alleged
9 violation of the contract and recommendations regarding the imposition
10 of sanctions, fines or penalties. The director, within ten days of
11 receipt of the decision, shall file a determination of such matter and
12 shall cause a copy of such determination along with a copy of this arti-
13 cle to be served upon the contractor by personal service or by certified
14 mail return receipt requested. The decision of the hearing officer shall
15 be final and may only be vacated or modified as provided in article
16 seventy-eight of the civil practice law and rules upon an application
17 made within the time provided by such article. The determination of the
18 director as to the imposition of any fines, sanctions or penalties shall
19 be reviewable pursuant to article seventy-eight of the civil practice
20 law and rules. The penalties imposed for any violation which is premised
21 upon either a fraudulent or intentional misrepresentation by the
22 contractor or the contractor's willful and intentional disregard of the
23 minority and women-owned participation requirement included in the
24 contract may include a determination that the contractor shall be ineli-
25 gible to submit a bid to any contracting agency or be awarded any such
26 contract for a period not to exceed one year following the final deter-
27 mination; provided however, if a contractor has previously been deter-
28 mined to be ineligible to submit a bid pursuant to this section, the
29 penalties imposed for any subsequent violation, if such violation occurs
30 within five years of the first violation, may include a determination
31 that the contractor shall be ineligible to submit a bid to any contract-
32 ing agency or be awarded any such contract for a period not to exceed
33 five years following the final determination. The division of minority
34 and women's business development shall maintain a website listing all
35 contractors that have been deemed ineligible to submit a bid pursuant to
36 this section and the date after which each contractor shall once again
37 become eligible to submit bids.

38 2. Any fines, or portion thereof, imposed pursuant to the foregoing
39 subdivision, or imposed by a court of competent jurisdiction related to
40 convictions involving fraud related to this article or otherwise involv-
41 ing a minority or women-owned business enterprise, may be required by
42 the entity imposing such fines to be paid to the minority and women-
43 owned business enterprise fund established pursuant to section ninety-
44 seven-k of the state finance law.

45 § 5. The state finance law is amended by adding a new section 97-k to
46 read as follows:

47 § 97-k. Minority and women-owned business enterprise fund. 1. There is
48 hereby established in the joint custody of the state comptroller and the
49 commissioner of taxation and finance a special fund to be known as the
50 "minority and women-owned business enterprise fund".

51 2. Such funds shall consist of all moneys appropriated for the purpose
52 of such fund, all moneys transferred or paid to such fund pursuant to
53 law, including pursuant to section three hundred sixteen of the execu-
54 tive law, and contributions consisting of grants, including grants or
55 other financial assistance from any agency of government and all moneys

1 required by the provisions of this section or any other law to be paid
2 into or credited to this fund.

3 3. Monies of the fund, following appropriation by the legislature,
4 shall be expended to acquire software, employ personnel to audit, inves-
5 tigate and prosecute minority and women-owned business enterprise fraud
6 and to underwrite minority and women-owned business enterprise programs
7 to assist minority and women business enterprise owners to develop
8 sustainable businesses.

9 § 6. This act shall take effect immediately; provided, however, that
10 the amendments to article 15-A of the executive law made by sections
11 one, two, three and four of this act shall not affect the repeal of such
12 article and shall be deemed repealed therewith.