## STATE OF NEW YORK

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6046

2019-2020 Regular Sessions

## IN SENATE

May 16, 2019

Introduced by Sen. KAPLAN -- read twice and ordered printed, and when printed to be committed to the Committee on Finance

AN ACT to amend the executive law, in relation to the minority and women-owned business enterprise program; to amend chapter 261 of the laws of 1988, amending the state finance law and other laws relating to the New York state infrastructure trust fund, in relation to the effectiveness thereof; to amend the executive law, in relation to goals and requirements of contractors and agencies under the minority and women-owned business enterprise program; and to amend the executive law, in relation to reporting requirements under the minority and women-owned business enterprise program

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

Section 1. Paragraph (b) of subdivision 8 and subdivisions 21 and 22 of section 310 of the executive law, paragraph (b) of subdivision 8 as added by chapter 261 of the laws of 1988 and subdivisions 21 and 22 as 4 added by chapter 175 of the laws of 2010, are amended to read as 5 follows:

(b) [Hispanic] Hispanic/Latino persons of Mexican, Puerto Rican, Dominican, Cuban, Central or South American of either Indian or Hispanic origin, regardless of race;

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- 9 21. "The [2010] two thousand sixteen disparity study" shall refer to
  10 the disparity study commissioned by the [empire state development corpo11 ration] department of economic development, pursuant to section three
  12 hundred twelve-a of this article, and published on [April twenty-nine,
  13 two thousand ten] June thirtieth, two thousand seventeen.
- 14 22. "Diversity practices" shall mean the contractor's practices and 15 policies with respect to:
- 16 (a) [utilizing] mentoring certified minority and women-owned business 17 enterprises in contracts awarded by a state agency or other public 18 corporation, as subcontractors and suppliers; [and]

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

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(b) entering into partnerships, joint ventures or other similar arrangements with certified minority and women-owned business enterprises as defined in this article or other applicable statute or regulation governing an entity's utilization of minority or women-owned business enterprises; and

- (c) the representation of minority group members and women as members of the board of directors or executive officers of the contractor.
- § 2. Section 312-a of the executive law, as amended by section 1 of part Q of chapter 58 of the laws of 2015, is amended to read as follows:
- § 312-a. Study of minority and women-owned business [enterprise programs] enterprises. 1. The director of the division of minority and women-owned business development [in the department of economic development] is authorized and directed to recommission a statewide disparity study regarding the participation of minority and women-owned business enterprises in state contracts since the amendment of this article to be delivered to the governor and legislature no later than August fifteenth, two thousand [sixteen] twenty-three. The study shall be prepared by an entity independent of the department and selected through a request for proposal process. The purpose of such study is:
- to determine whether there is a disparity between the number of qualified minority and women-owned businesses ready, willing and able to perform state contracts for commodities, services and construction, and the number of such contractors actually engaged to perform such contracts, and to determine what changes, if any, should be made to state policies affecting minority and women-owned business enterprises; and (b) to determine whether there is a disparity between the number of qualified minorities and women ready, willing and able, with respect to labor markets, qualifications and other relevant factors, to participate in contractor employment, management level bodies, including boards of directors, and as senior executive officers within contracting entities and the number of such group members actually employed or affiliated with state contractors in the aforementioned capacities, and to determine what changes, if any, should be made to state policies affecting minority and women group populations with regard to state contractors' employment and appointment practices relative to diverse group members. Such study shall include, but not be limited to, an analysis of the history of minority and women-owned business enterprise programs and their effectiveness as a means of securing and ensuring participation by minorities and women, and a disparity analysis by market area and region the state. Such study shall distinguish between minority males, minority females and non-minority females in the statistical analysis.
- 2. The director of the division of minority and women-owned business development is directed to transmit the disparity study to the governor and the legislature not later than August fifteenth, two thousand [sixteen] twenty-three, and to post the study on the website of the department of economic development.
- § 3. The opening paragraph of subdivision (h) of section 121 of chapter 261 of the laws of 1988, amending the state finance law and other laws relating to the New York state infrastructure trust fund, as amended by section 1 of part 000 of chapter 59 of the laws of 2018, is amended to read as follows:

The provisions of sections sixty-two through sixty-six of this act shall expire April fifteenth, two thousand twenty-four, provided, however, that if the statewide disparity study regarding the participation of minority and women-owned business enterprises in state contracts required pursuant to subdivision 1 of section 312-a of the executive law

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is completed and delivered to the governor and the legislature on or before August fifteenth two thousand twenty-three, then the provisions of sections sixty-two through sixty-six of this act shall expire and be 3 4 deemed repealed on December thirty-first, two thousand [nineteen] twenty-four, except that:

- § 4. Subdivisions 1, 1-a, 1-b, 2, 2-a, 3, 4 and 5 of section 313 of the executive law, subdivisions 1, 3, 4 and 5 as amended and subdivisions 1-a, 1-b, 2 and 2-a as added by chapter 175 of the laws of 2010, are amended and a new subdivision 1-c is added to read as follows:
- 1. Goals and requirements for agencies and contractors. Each agency shall structure procurement procedures for contracts made directly or indirectly to minority and women-owned business enterprises, in accordance with the findings of the two thousand [ten] sixteen disparity study, consistent with the purposes of this article, to attempt to achieve the [fellowing] recommended results with regard to total annual statewide procurement **for each of the following**:
- (a) construction industry for certified minority-owned business enterprises[+ fourteen and thirty-four hundredths percent];
- (b) construction industry for certified women-owned business enterprises[: eight and forty-one hundredths percent];
- (c) construction related professional services industry for certified minority-owned business enterprises[ : thirteen and twenty-one hundredths percent ];
- (d) construction related professional services industry for certified women-owned business enterprises[ + eleven and thirty two hundredths percent];
- (e) non-construction related services industry for certified minority-owned business enterprises[ + nineteen and sixty hundredths percent];
- (f) non-construction related services industry for certified womenowned business enterprises[ \* seventeen and forty-four hundredths
- (g) commodities industry for certified minority-owned business enterprises[\* sixteen and eleven hundredths percent];
- (h) commodities industry for certified women-owned business enterprises[: ten and ninety-three hundredths percent];
- (i) overall agency total dollar value of procurement for certified minority-owned business enterprises[ \* sixteen and fifty-three hundredths
- (j) overall agency total dollar value of procurement for certified women-owned business enterprises[ + twelve and thirty-nine hundredths percent]; and
- (k) overall agency total dollar value of procurement for certified minority, women-owned business enterprises[ + twenty-eight and ninety-two hundredths percent ].
- 1-a. The director shall ensure that each state agency has been provided with a copy of the two thousand [ten] sixteen disparity study.
- 1-b. Each agency shall develop and adopt agency-specific goals based on the findings of the two thousand [ten] sixteen disparity study.
- 1-c. The goals set pursuant to subdivision one of this section shall be consistent with the findings of the two thousand sixteen disparity 50 51 study.
- 2. The director shall promulgate rules and regulations pursuant to the goals established in subdivision one of this section and findings of the 54 two thousand sixteen disparity study that provide measures and procedures to ensure that certified minority and women-owned businesses shall 56 be given the opportunity for maximum feasible participation in the

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1 performance of state contracts and to assist in the agency's identification of those state contracts for which minority and women-owned certified businesses may best bid to actively and affirmatively promote and assist their participation in the performance of state contracts so as to facilitate the agency's achievement of the maximum feasible portion of the goals for state contracts to such businesses.

- The director shall promulgate rules and regulations that will accomplish the following:
- (a) provide for the certification and decertification of minority and women-owned business enterprises for all agencies through a single process that meets applicable requirements;
- (b) require that each contract solicitation document accompanying each solicitation set forth the expected degree of minority and women-owned business enterprise participation based, in part, on:
- (i) the potential subcontract opportunities available in the prime procurement contract; and
- (ii) the availability, as contained within the study, of certified minority and women-owned business enterprises to respond competitively to the potential subcontract opportunities:

## (iii) the findings of the two thousand sixteen disparity study;

- (c) require that each agency provide a current list of certified minority business enterprises to each prospective contractor;
- (d) allow a contractor that is a certified minority-owned or womenowned business enterprise to use the work it performs to meet requirements for use of certified minority-owned or women-owned business enterprises as subcontractors;
- (e) establish criteria for agencies to credit the participation of minority and women-owned business enterprises towards the achievement of the minority and women-owned business enterprise participation goals on a state contract based on the commercially useful function provided by each minority and women-owned business enterprise on the contract;
- (f) provide for joint ventures, which a bidder may count toward meeting its minority and women-owned business enterprise participation;
- $\left(\frac{f}{f}\right)$  (g) consistent with subdivision six of this section, provide for circumstances under which an agency may waive obligations of the contractor relating to minority and women-owned business enterprise participation;
- [<del>(g)</del>] (h) require that an agency verify that minority and women-owned business enterprises listed in a successful bid are actually participating to the extent listed in the project for which the bid was submitted;
- [(h)] (i) provide for the collection of statistical data by each agency concerning actual minority and women-owned business enterprise participation; and
- $\left[\frac{1}{2}\right]$  (j) require each agency to consult the most current disparity study when calculating agency-wide and contract specific participation goals pursuant to this article.
- 3. Solely for the purpose of providing the opportunity for meaningful participation by certified businesses in the performance of state contracts as provided in this section, state contracts shall include leases of real property by a state agency to a lessee where: the terms of such leases provide for the construction, demolition, replacement, major repair or renovation of real property and improvements thereon by such lessee; and the cost of such construction, demolition, replacement, 54 major repair or renovation of real property and improvements thereon 55 shall exceed the sum of one hundred thousand dollars. Reports to the director pursuant to section three hundred fifteen of this article shall

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include activities with respect to all such state contracts. Contracting agencies shall include or require to be included with respect to state contracts for the acquisition, construction, demolition, replacement, 3 major repair or renovation of real property and improvements thereon, such provisions as may be necessary to effectuate the provisions of this section in every bid specification and state contract, including, but limited to: (a) provisions requiring contractors to make a good 7 faith effort to solicit active participation by enterprises identified 9 in the directory of certified businesses provided to the contracting 10 agency by the office; (b) requiring the parties to agree as a condition 11 of entering into such contract, to be bound by the provisions of section three hundred sixteen of this article; and (c) requiring the contractor 12 13 to include the provisions set forth in paragraphs (a) and (b) of this 14 subdivision in every subcontract in a manner that the provisions will be 15 binding upon each subcontractor as to work in connection with such 16 contract. Provided, however, that no such provisions shall be binding 17 upon contractors or subcontractors in the performance of work or the provision of services that are unrelated, separate or distinct from the 18 19 state contract as expressed by its terms, and nothing in this section 20 shall authorize the director or any contracting agency to impose any 21 requirement on a contractor or subcontractor except with respect to a 22 state contract.

- 4. In the implementation of this section, the contracting agency shall (a) consult the findings contained within the disparity study evidencing relevant industry specific availability of certified businesses;
- (b) implement a program that will enable the agency to evaluate each contract to determine the [appropriateness of the] appropriate goal pursuant to subdivision one of this section for participation by minority-owned business enterprises;
- (c) consider where practicable, the severability of construction projects and other bundled contracts; and
- (d) consider compliance with the requirements of any federal law concerning opportunities for minority and women-owned business enterprises which effectuates the purpose of this section. The contracting agency shall determine whether the imposition of the requirements of any such law duplicate or conflict with the provisions hereof and if such duplication or conflict exists, the contracting agency shall waive the applicability of this section to the extent of such duplication or conflict.
- 5. (a) Contracting agencies shall administer the rules and regulations promulgated by the director in a good faith effort to meet the maximum feasible portion of the agency's goals adopted pursuant to this article and the regulations of the director. Such rules and regulations: shall require a contractor to submit a utilization plan after bids are opened, when bids are required, but prior to the award of a state contract; shall require the contracting agency to review the utilization plan submitted by the contractor and to post the utilization plan and any waivers of compliance issued pursuant to subdivision six of this section on the website of the contracting agency [within a reasonable period of time as established by the director]; shall require the contracting agency to notify the contractor in writing within a period of time specified by the director as to any deficiencies contained in the contractor's utilization plan; shall require remedy thereof within a period of time specified by the director; shall require the contractor to submit periodic compliance reports relating to the operation and implementation of any utilization plan; shall not allow any automatic waivers but shall

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1 allow a contractor to apply for a partial or total waiver of the minority and women-owned business enterprise participation requirements pursuant to subdivisions six and seven of this section; shall allow a 3 contractor to file a complaint with the director pursuant to subdivision eight of this section in the event a contracting agency has failed or refused to issue a waiver of the minority and women-owned business enterprise participation requirements or has denied such request for a 7 waiver; and shall allow a contracting agency to file a complaint with 9 the director pursuant to subdivision nine of this section in the event a 10 contractor is failing or has failed to comply with the minority and 11 women-owned business enterprise participation requirements set forth in 12 the state contract where no waiver has been granted.

- (b) The rules and regulations promulgated pursuant to this subdivision regarding a utilization plan shall provide that where enterprises have been identified within a utilization plan, a contractor shall attempt, in good faith, to utilize such enterprise at least to the extent indicated. A contracting agency may require a contractor to indicate, within a utilization plan, what measures and procedures he or she intends to take to comply with the provisions of this article, but may not require, as a condition of award of, or compliance with, a contract that a contractor utilize a particular enterprise in performance of the contract.
- 23 (c) Without limiting other grounds for the disqualification of bids or 24 proposals on the basis of non-responsibility, a contracting agency may 25 disqualify the bid or proposal of a contractor as being non-responsible 26 for failure to remedy notified deficiencies contained in the contrac-27 tor's utilization plan within a period of time specified in regulations promulgated by the director after receiving notification of such defi-28 29 ciencies from the contracting agency. Where failure to remedy any noti-30 fied deficiency in the utilization plan is a ground for disqualifica-31 tion, that issue and all other grounds for disqualification shall be 32 stated in writing by the contracting agency. Where the contracting agen-33 cy states that a failure to remedy any notified deficiency in the utili-34 zation plan is a ground for disqualification the contractor shall be 35 entitled to an administrative hearing, on a record, involving all 36 grounds stated by the contracting agency. Such hearing shall be 37 conducted by the appropriate authority of the contracting agency to 38 review the determination of disqualification. A final administrative determination made following such hearing shall be reviewable in a 39 proceeding commenced under article seventy-eight of the civil practice 40 41 law and rules, provided that such proceeding is commenced within thirty 42 days of the notice given by certified mail return receipt requested 43 rendering such final administrative determination. Such proceeding shall 44 be commenced in the supreme court, appellate division, third department 45 and such proceeding shall be preferred over all other civil causes 46 except election causes, and shall be heard and determined in preference 47 to all other civil business pending therein, except election matters, irrespective of position on the calendar. Appeals taken to the court of 48 49 appeals of the state of New York shall be subject to the same prefer-50 ence.
  - § 5. Section 315 of the executive law, as added by chapter 261 of the laws of 1988, subdivision 3 as amended and subdivisions 4, 5, 6 and 7 as added by chapter 175 of the laws of 2010, is amended to read as follows:
    § 315. Responsibilities of contracting agencies. 1. Each contracting agency shall be responsible for monitoring state contracts under its jurisdiction, and recommending matters to the office respecting non-com-

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1 pliance with the provisions of this article so that the office may take such action as is appropriate to [insure ensure compliance with the provisions of this article, the rules and regulations of the director issued hereunder and the contractual provisions required pursuant to this article. All contracting agencies shall comply with the rules and regulations of the office and are directed to cooperate with the office and to furnish to the office such information and assistance as may be required in the performance of its functions under this article.

- 2. Each contracting agency shall provide to prospective bidders a current copy of the directory of certified businesses, and a copy of the regulations required pursuant to sections three hundred twelve and three hundred thirteen of this article at the time bids or proposals are solicited.
- 2-a. Each contracting agency when notifying a contractor of a winning bid award shall also notify any minority or women-owned business enterprises affiliated with such contractor, per the contractor's submitted utilization plan, of such contractor's receipt of the winning bid award.
- 3. Each contracting agency shall report to the director with respect to activities undertaken to promote employment of minority group members and women and promote and increase participation by certified businesses with respect to state contracts and subcontracts. Such reports shall be submitted [periodically, but not less frequently than annually, as required by the director, ] no later than January fifteenth of every year and shall include such information as is necessary for the director to determine whether the contracting agency and any contractor to the contracting agency have complied with the purposes of this article, including, without limitation, a summary of all waivers of the requirements of subdivisions six and seven of section three hundred thirteen of this article allowed by the contracting agency during the period covered by the report, including a description of the basis of the waiver request [and], the rationale for granting any such waiver and any instances in which the contracting agency has deemed a contractor to have committed a violation pursuant to section three hundred sixteen of this article and such other information as the director shall require. Each agency shall also include in such annual report whether or not it has been required to prepare a remedial plan, and, if so, the plan and the extent to which the agency has complied with each element of plan.
- The division of minority and women's business development shall issue an annual report which: (a) summarizes the report submitted by each contracting agency pursuant to subdivision three of this section; (b) contains such comparative or other information as the director deems appropriate, including but not limited to goals compared to actual participation of minority and women-owned business enterprises in state contracting and a listing of annual goals compared to actual participation for each agency, the total number of certified minority and women-owned businesses for that reporting year as well as the total number reported in each of the previous five years, and the total dollar value of state expenditures on certified minority and women-owned business contracts and subcontracts for the previous five years, to evaluate the effectiveness of the activities undertaken by each such contracting agency to promote increased participation by certified minority or women-owned businesses with respect to state contracts and subcontracts; (c) contains a summary of all waivers of the requirements of subdivisions six and seven of section three hundred thirteen of this article allowed by each contracting agency during the period covered by the

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report, including a description of the basis of the waiver request and the contracting agency's rationale for granting any such waiver; 3 describes any efforts to create a database or other information storage and retrieval system containing information relevant to contracting with minority and women-owned business enterprises; [and] (e) contains a summary of (i) all determinations of violations of this article by a 7 contractor or a contracting agency made during the period covered by the 8 annual report pursuant to section three hundred sixteen-a of this article and (ii) the penalties or sanctions, if any, assessed in connection 9 10 with such determinations and the rationale for such penalties or sanc-11 tions; (f) provides a written rationale for instances where an agency's participation goals or remedial plans do not meet the goals supported by 12 13 the two thousand sixteen disparity study; (g) provides a written expla-14 nation of the reason that agency expenditures are exempt from complying 15 with participation goals; (h) contains information on each contract 16 identifying the following: (i) whether it is a contract for goods or services; (ii) whether the contract was awarded to a certified minori-17 ty-owned business enterprise or a certified women-owned business enter-18 19 prise and identify which minority group member the minority-owned busi-20 ness enterprise relies on for certification pursuant to this article; 21 (iii) the name and business address of prime contractors and subcontrac-22 tors providing services under such contract; and (iv) the dollar value of such contract; and (i) contains a summary of all certified minority 23 24 and women-owned business enterprises, categorized by the minority group member that such minority-owned business enterprise relies on for 25 26 certification pursuant to this article and by gender. Copies of the 27 annual report shall be provided to the commissioner, the governor, comptroller, the temporary president of the senate, the speaker of the 28 29 assembly, the minority leader of the senate, the minority leader of the 30 assembly and shall also be made widely available to the public via, 31 among other things, publication on a website maintained by the division 32 of minority and women's business development. 33

- Each agency shall include in its annual report to the governor and legislature pursuant to section one hundred sixty-four of [the executive law this chapter: (a) its annual goals for contracts with minorityowned and women-owned business enterprises[7]; (b) the number of actual contracts issued to minority-owned and women-owned business enterprises; [and] (c) a summary of all waivers of the requirements of subdivisions six and seven of section three hundred thirteen of this article allowed the reporting agency during the preceding year, including a description of the basis of the waiver request and the rationale for granting such waiver[ - Each agency shall also include in such annual report ]; (d) whether or not it has been required to prepare a remedial plan, and, if so, the plan and the extent to which the agency has complied with each element of the plan; and (e) which expenditures are exempt from participation goals and the rationale for such exemption. Such report shall also itemize the total value of design-build contracts used by each contracting agency when applicable, and each contracting agency authorized to enter into design-build contracts shall itemize the rate of minority and women-owned business enterprises participation on design-build contracts, design-bid-build contracts, as well as the agency's overall participation rate.
- 6. Each contracting agency that substantially fails to meet the goals supported by the disparity study, as defined by regulation of the director, shall be required to submit to the director a remedial action plan to remedy such failure.

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7. If it is determined by the director that any agency has failed to act in good faith to implement the remedial action plan, pursuant to subdivision six of this section within one year, the director shall provide written notice of such a finding, which shall be publicly available, and direct implementation of remedial actions to:

- (a) assure that sufficient and effective solicitation efforts to women and minority-owned business enterprises are being made by said agency;
- (b) divide contract requirements, when economically feasible, into quantities that will expand the participation of women and minority-owned business enterprises;
- (c) eliminate extended experience or capitalization requirements, when programmatically and economically feasible, that will expand participation by women and minority-owned business enterprises;
- (d) identify specific proposed contracts as particularly attractive or appropriate for participation by women and minority-owned business enterprises with such identification to result from and be coupled with the efforts of paragraphs (a), (b), and (c) of this subdivision; and
- (e) upon a finding by the director that an agency has failed to take affirmative measures to implement the remedial plan and to follow any of the remedial actions set forth by the director, and in the absence of any objective progress towards the agency's goals, require some or all of the agency's procurement, for a specified period of time, be placed under the direction and control of another agency or agencies.
- § 6. This act shall take effect immediately; provided, however, that the amendments to sections 310, 312-a, 313 and 315 of the executive law made by sections one, two, four and five of this act shall be not affect the expiration of such sections and shall expire and be deemed repealed therewith.