



OHIO LEGISLATIVE SERVICE COMMISSION

Bill Analysis

Bethany Boyd

H.B. 493

132nd General Assembly
(As Introduced)

Reps. Gonzales, Boggs, Antonio, Miller

BILL SUMMARY

- Authorizes the Director of Administrative Services, upon approval of the Attorney General, to enter into reciprocal agreements with other states that have a business assistance program substantially similar to Ohio's Minority Business Enterprise (MBE) Program and Encouraging Diversity, Growth, and Equity (EDGE) Program.
 - Requires that an EDGE business enterprise be owned and controlled by a citizen or citizen of the United States, who are full-time residents of Ohio.
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CONTENT AND OPERATION

Reciprocal agreements

The bill¹ authorizes the Director of Administrative Services, upon approval of the Attorney General, to enter into a reciprocal agreement with the appropriate officials of one or more states, when the other state has a business assistance program or programs substantially similar to Ohio's Minority Business Enterprise (MBE) Program and the Encouraging Diversity, Growth, and Equity (EDGE) Program (summarized below). The agreement must provide that a business certified by the other state as a minority business or a socially and economically disadvantaged business, and that is "owned and controlled" by a resident or residents of that other state, must be considered an MBE or an EDGE business enterprise in Ohio. The agreement also must provide that a business enterprise certified as an MBE or EDGE business enterprise under certain Ohio laws,² which is "owned and controlled" by a resident or residents of Ohio, must be considered

¹ R.C. 123.155.

² R.C. 123.151, not in the bill, and R.C. 123.152.

as certified in the other state and eligible for programs of that state that provide an advantage or benefit to such businesses.³

Continuing law's definition of "owned and controlled" is used in the bill, which means that at least 51% of a business, including corporate stock if a corporation, is owned by persons who belong to one or more economically disadvantaged groups (Blacks or African Americans, American Indians, Hispanics or Latinos, and Asians), and that those owners have control over the management and day-to-day operations of the business and an interest in the capital, assets, and profits and losses of the business proportionate to their percentage of ownership; to qualify as an MBE, a business must have been owned and controlled by those persons at least one year before being awarded a contract.⁴

The bill revises the MBE and EDGE Programs' laws to reflect the new authority to enter into reciprocal agreements.⁵

Addition of requirement for EDGE Program participation

The bill adds to the EDGE Program a requirement that an EDGE business enterprise must be owned and controlled by a citizen or citizen of the United States, who are full-time residents of Ohio (and, for purposes of a reciprocal agreement, full-time residents of a reciprocal state). For purposes of this requirement, "owned and controlled" is not defined.⁶

Summary of the MBE Program

In general, the MBE Program is designed to assist minority businesses in obtaining state government contracts for goods and services, but not construction contracts. Under continuing law, the MBE Program requires that approximately 15% of the state's contracts be set aside for competitive bidding by certified MBEs, who compete for the contracts using a sheltered bidding process. Certified MBEs are eligible for contract, loan, management, and technical assistance.⁷

³ R.C. 123.155.

⁴ R.C. 122.71(E).

⁵ R.C. 122.71(E)(1) and (L) and 123.152(A).

⁶ R.C. 123.152(A).

⁷ R.C. 122.71; R.C. 125.081 and 122.72 to 122.83, not in the bill.



Summary of the EDGE Program

Under continuing law, the EDGE Program assists socially and economically disadvantaged businesses in obtaining state government contracts in the following areas: construction, architecture, and engineering; professional services; goods and services; and information technology services. The Director of Administrative Services establishes procurement (spending) goals for state agencies, boards, and commissions, and contract guidelines for state universities and the Ohio Facilities Construction Commission, for contracting with certified EDGE business enterprises. Program participants are eligible for contract, financial, management, and technical assistance.⁸

HISTORY

| ACTION | DATE |
|------------|----------|
| Introduced | 02-05-18 |

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⁸ R.C. 123.152.

