

# SENATE BILL NO. 1375

## 103RD GENERAL ASSEMBLY

INTRODUCED BY SENATOR WASHINGTON.

4250S.011

KRISTINA MARTIN, Secretary

### AN ACT

To repeal section 37.020, RSMo, and to enact in lieu thereof seven new sections relating to state contracts.

*Be it enacted by the General Assembly of the State of Missouri, as follows:*

Section A. Section 37.020, RSMo, is repealed and seven  
2 new sections enacted in lieu thereof, to be known as sections  
3 37.020, 37.760, 37.762, 37.764, 37.766, 37.768, and 37.770, to  
4 read as follows:

37.020. 1. As used in this section, the following  
2 words and phrases mean:

3 (1) "Certification", the determination, through  
4 whatever procedure is used by the office of administration,  
5 that a legal entity is a socially and economically  
6 disadvantaged small business concern for purposes of this  
7 section;

8 (2) "Department", the office of administration and any  
9 public institution of higher learning in the state of  
10 Missouri;

11 (3) "Minority business enterprise", a business that is:

12 (a) A sole proprietorship owned and controlled by a  
13 minority;

14 (b) A partnership or joint venture owned and  
15 controlled by minorities in which at least fifty-one percent  
16 of the ownership interest is held by minorities and the

17 management and daily business operations of which are  
18 controlled by one or more of the minorities who own it; or

19 (c) A corporation or other entity whose management and  
20 daily business operations are controlled by one or more  
21 minorities who own it, and which is at least fifty-one  
22 percent owned by one or more minorities, or if stock is  
23 issued, at least fifty-one percent of the stock is owned by  
24 one or more minorities;

25 (4) "Socially and economically disadvantaged  
26 individuals", individuals, regardless of gender, who have  
27 been subjected to racial, ethnic, or sexual prejudice or  
28 cultural bias because of their identity as a member of a  
29 group without regard to their individual qualities and whose  
30 ability to compete in the free enterprise system has been  
31 impaired due to diminished capital and credit opportunities  
32 as compared to others in the same business area. In  
33 determining the degree of diminished credit and capital  
34 opportunities the office of administration shall consider,  
35 but not be limited to, the assets and net worth of such  
36 individual;

37 (5) "Socially and economically disadvantaged small  
38 business concern", any small business concern:

39 (a) Which is at least fifty-one percentum owned by one  
40 or more socially and economically disadvantaged individuals;  
41 or, in the case of any publicly owned business, at least  
42 fifty-one percentum of the stock of which is owned by one or  
43 more socially and economically disadvantaged individuals; and

44 (b) Whose management and daily business operations are  
45 controlled by one or more of such individuals;

46 (6) "Women's business enterprise", a business that is:

47 (a) A sole proprietorship owned and controlled by a  
48 woman;

49           (b) A partnership or joint venture owned and  
50 controlled by women in which at least fifty-one percent of  
51 the ownership interest is held by women and the management  
52 and daily business operations of which are controlled by one  
53 or more of the women who own it; or

54           (c) A corporation or other entity whose management and  
55 daily business operations are controlled by one or more  
56 women who own it, and which is at least fifty-one percent  
57 owned by women, or if stock is issued, at least fifty-one  
58 percent of the stock is owned by one or more women.

59           2. The office of administration, in consultation with  
60 each department, shall establish and implement a plan to  
61 increase and maintain the participation of certified  
62 socially and economically disadvantaged small business  
63 concerns or minority business enterprises, directly or  
64 indirectly, in contracts for supplies, services, and  
65 construction contracts, consistent with goals determined  
66 after an appropriate study conducted to determine the  
67 availability of socially and economically disadvantaged  
68 small business concerns and minority business enterprises in  
69 the marketplace. **Such study shall be completed by December**  
70 **31, 2028.** The commissioner of administration shall appoint  
71 an oversight review committee to oversee and review the  
72 results of such study. The committee shall be composed of  
73 nine members, four of whom shall be members of business,  
74 three of whom shall be from staff of selected departments,  
75 one of whom shall be a member of the house of  
76 representatives, and one of whom shall be a member of the  
77 senate.

78           3. The goals to be pursued by each department under  
79 the provisions of this section shall be construed to overlap  
80 with those imposed by federal law or regulation, if any,

81 shall run concurrently therewith and shall be in addition to  
82 the amount required by federal law only to the extent the  
83 percentage set by this section exceeds those required by  
84 federal law or regulations.

85 4. The commissioner of administration may designate a  
86 nonprofit organization as a minority business enterprise or  
87 women's business enterprise for the exclusive purpose of  
88 competing in other states, provided that the organization is  
89 headquartered in Missouri and the collective majority of the  
90 organization's board of directors and executive management  
91 in charge of daily business operations are minorities or  
92 women.

37.760. As used in sections 37.760 to 37.770, the  
2 following terms mean:

3 (1) "Agency", any state department or any division or  
4 branch thereof, or any bureau, board, commission,  
5 institution, officer or office of the state of Missouri;

6 (2) "Commissioner", the commissioner of administration  
7 appointed under section 37.010;

8 (3) "Committee", the minority business enterprise and  
9 women's business enterprise oversight review committee  
10 created under section 37.762;

11 (4) "Minority business enterprise", the same meaning  
12 as defined in section 37.020;

13 (5) "Women's business enterprise", the same meaning as  
14 defined in section 37.020.

37.762. 1. There is hereby established the "Minority  
2 Business Enterprise and Women's Business Enterprise  
3 Oversight Review Committee". The committee shall consist of  
4 seven members. The governor shall appoint four members to  
5 the committee, two of whom shall represent the interests of  
6 the minority community in this state, and two of whom shall

7 represent the interests of business owners in this state.  
8 The speaker of the house of representatives shall appoint  
9 one member of the committee from the house of  
10 representatives. The president pro tempore of the senate  
11 shall appoint one member from the senate. The commissioner  
12 shall be an ex officio member of the committee.

13 2. The committee shall conduct a new study, in  
14 addition to the study required by subsection 2 of section  
15 37.020, to ensure participation from socially and  
16 economically disadvantaged minority or women's business  
17 enterprises. Such study shall be completed by December 31,  
18 2027.

37.764. Members of the committee shall not be  
2 compensated for their services, but they shall be reimbursed  
3 for actual and necessary expenses incurred in the  
4 performance of their duties. The members of the committee  
5 shall elect one member as chair and one member as vice chair  
6 who shall serve as chair in the absence of the chair. Each  
7 member shall serve for a term of two years and may be  
8 reappointed for an additional term of two years. The office  
9 of administration shall provide staff to the committee and  
10 aid it in the performance of its duties.

37.766. The specific duties of the committee shall  
2 include, but not be limited to, the following:

3 (1) Compiling a database of minority business  
4 enterprises and women's business enterprises, certified  
5 under section 37.023, that have participated, directly or  
6 indirectly, in contracts for supplies, services, and  
7 construction with any agency of this state, and making such  
8 database available to all agencies;

9 (2) Making recommendations to agencies for  
10 implementation of a system to alert minority business

enterprises and women's business enterprises, certified under section 37.023, of upcoming contracts for supplies, services, and construction;

(3) Establishing requirements for parties to contract with agencies for supplies, services, or construction that need subcontractors to notify potential subcontractors who are minority business enterprises and women's business enterprises, certified under section 37.023, of the party's need for a subcontractor. Such requirements shall include, but not be limited to:

(a) Written notification sent to the certified minority business enterprise or women's business enterprise's principal place of business; and

(b) Maintaining records of the notifications sent under paragraph (a) of this subdivision; and

(4) Proposing sanctions for parties failing to comply with any requirements established under subdivision (3) of this section.

37.768. 1. The office of administration shall enforce the requirements developed by the committee under subdivision (3) of section 37.766.

2. The office of administration shall promulgate rules necessary for the enforcement of such requirements and necessary to aid the committee in performing its duties under section 37.766. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective

15 date, or to disapprove and annul a rule are subsequently  
16 held unconstitutional, then the grant of rulemaking  
17 authority and any rule proposed or adopted after August 28,  
18 2026, shall be invalid and void.

37.770. Under section 23.253 of the Missouri sunset  
2 act:

3 (1) The provisions of the new program authorized under  
4 sections 37.760 to 37.768 shall automatically sunset six  
5 years after the effective date of sections 37.760 to 37.768  
6 unless reauthorized by an act of the general assembly;

7 (2) If such program is reauthorized, the program  
8 authorized under sections 37.760 to 37.768 shall  
9 automatically sunset twelve years after the effective date  
10 of the reauthorization of sections 37.760 to 37.768; and

11 (3) This section shall terminate on September first of  
12 the calendar year immediately following the calendar year in  
13 which the program authorized under sections 37.760 to 37.768  
14 is sunset.

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