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Proposed Legislation Seeks to Offer New Business Opportunities for Disabled Veterans

By **Stephanie Chandler** and **David Garcia**

Chapter 2161 of the Texas Government Code defines a “historically underutilized business” (“HUB”) as a for-profit entity with its principal place of business in Texas that is at least 51% owned by economically disadvantaged persons who actively participate in the control, operations and management of the entity. The current definition of an “economically disadvantaged person” includes individuals from the following groups: Black Americans; Hispanic Americans; women; Asian Pacific Americans; and Native Americans.¹ State Representative Ryan Guillen (D-Rio Grande City) recently introduced House Bill 888 which seeks to include disabled veterans as an additional class of economically disadvantaged persons.

The Statewide Historically Underutilized Business Program (“HUB Program”), administered by the Texas Comptroller’s Office, is designed to increase the share of state government construction and procurement contracts that are awarded to certified HUBs. State agencies have an obligation to make a good faith effort to increase their award of contracts to HUBs during each fiscal year.² In FY 2010, Texas state agencies awarded more than \$2.1 Billion in contracts to HUBs, a figure representing approximately 16% of the state’s total spending.

While the HUB Program offers no guaranteed contract awards to eligible businesses, certification in the HUB Program provides an excellent opportunity to compete for state contracts. Other benefits to participants include the ability to receive education on the state’s procurement processes, access to tools and events that enable HUBs to market themselves to procurement coordinators within state agencies, and the ability to participate in a mentor program wherein an experienced HUB can provide industry and business specific guidance and training to a newly certified HUB.

If passed, House Bill 888 would extend these competitive benefits to HUBs owned by disabled veterans, thus offering them a stronger landscape of business opportunities after their military service has ended. In its current form, the proposed language of the bill defines a disabled veteran by reference to federal standards – an individual whose disability was incurred or aggravated in the line of duty in the active military, naval, or air service. Similar attempts to broaden the scope of the HUB Program have been unsuccessful in the past. We will continue to monitor the progress of this legislation.

If you have any questions about the impact of House Bill 888 on your business or about your ability to qualify a business entity for certification under the HUB Program or any other minority or women-owned business certifications that may be available, please contact **Stephanie Chandler** at 210.978.7704 or schandler@jw.com, **David Garcia** at 512.236.2391 or

dgarcia@jw.com, or any of the **Jackson Walker Corporate & Securities attorneys**. Additionally, if you would like more information regarding potential certifications which may be available to your business, please [click here](#).

¹ Texas Gov't Code § 2161.001(3)

² Texas Gov't Code §§ 2161.181, 182

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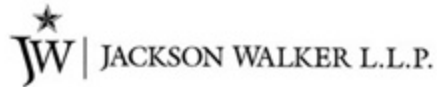
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