

Department of Legislative Services  
Maryland General Assembly  
2020 Session

**FISCAL AND POLICY NOTE**  
**Third Reader - Revised**

Senate Bill 532

(Senator Smith, *et al.*)

Finance

Health and Government Operations

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**Task Force to Study the Veteran–Owned Small Business Enterprise Program**

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This bill establishes the Task Force to Study the Veteran-Owned Small Business Enterprise Program. The Governor’s Office of Small, Minority, and Women Business Affairs (GOSBA) must provide staff for the task force. Members of the task force may not receive compensation but are entitled to reimbursement for expenses. The task force must report its findings and recommendations to the Governor and General Assembly by December 1, 2020. **The bill takes effect July 1, 2020, and terminates June 30, 2021.**

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**Fiscal Summary**

**State Effect:** GOSBA can likely staff the task force with existing resources, and any expense reimbursements for members of the task force are assumed to be minimal and absorbable with existing budgeted resources. To the extent that staffing responsibilities strain GOSBA’s limited staff, general fund expenditures for temporary staffing assistance for GOSBA may increase slightly only in FY 2021. No effect on revenues.

**Local Effect:** None.

**Small Business Effect:** Minimal.

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**Analysis**

**Bill Summary:** The task force must study and make recommendations regarding:

- opportunities for veteran-owned small business enterprises (VSBs) to participate in State procurement contracts; and

- the improvement of the State’s veteran-owned small business enterprise program, including specified proposals.

**Current Law:** Unless the requirement is in conflict with any federal program, State agencies must structure their procurement procedures to try to achieve an overall minimum of 1% of their total procurement spending to be made directly or indirectly to VSBs.

A VSB is a business that meets specified federal small business size standards and is at least 51% owned by one or more individuals who are veterans and who control the management and daily operations of the business. Chapter 740 of 2018 established that, for the purpose of determining whether a business is a VSB under State procurement law, a “veteran” is an individual who is verified by the Maryland Department of Veterans Affairs as having served on active duty in the armed forces of the United States and who was not dishonorably discharged. Chapter 740 also transferred authority for administering the State’s veteran-owned small business preference program from the Board of Public Works to GOSBA.

**Background:** GOSBA advises that there are currently about 200 vendors that have expressed interest in registering as VSBs under the State’s preference program. Of those, 80 are listed in eMaryland Marketplace Advantage as being registered, and the remaining 120 vendors have not submitted the necessary information to be verified as VSBs.

In fiscal 2018, the most recent data available, the overall participation rate for VSBs in State procurement was 2.10%, the first time in its eight-year existence that the preference program achieved its 1% participation rate target. Nine agencies, led by the Maryland Transit Administration with a participation rate of 9.75%, exceeded the statewide goal.

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### **Additional Information**

**Prior Introductions:** None.

**Designated Cross File:** HB 1007 (Delegate P. Young, *et al.*) - Health and Government Operations.

**Information Source(s):** Department of General Services; Governor’s Office of Small, Minority, and Women Business Affairs; Department of Legislative Services

**Fiscal Note History:**  
rh/ljm

First Reader - February 20, 2020

Third Reader - March 17, 2020

Revised - Amendment(s) - March 17, 2020

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