

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE

Senate Bill 846 (Senator Exum)

Budget and Taxation

**State Finance and Procurement - General Obligation Bonds -
Goal for Minority Business Enterprise Participation**

This bill requires the Board of Public Works to incorporate language in a grant agreement for a general obligation bond requiring the grantee: (1) to agree to solicit minority business enterprise (MBE) participation; and (2) to attempt to complete the project by expending 14% of the value of the grant on MBE-provided services.

Fiscal Summary

State Effect: The bill would not materially affect governmental operations or finances.

Local Effect: None.

Small Business Effect: Potential minimal.

Analysis

Current Law: The General Assembly may authorize the Board of Public Works to borrow money for any public purpose and to issue State bonds to evidence the debt. General obligation bond grantees are generally required to match funds provided by the State.

Background: Except for real property leases, each unit of State government is required to structure its procurement procedures to try to achieve at least 14% direct or indirect MBE participation under Maryland's MBE participation program. For construction contracts, the goal is 14% of the unit's total dollar value. The goal applies only to contracts exceeding \$100,000 for the Maryland Department of Transportation (MDOT). To qualify for participation in the procurement program, an MBE must be at least 51% owned by a socially

or economically disadvantaged group and be certified by MDOT's MBE Office.

Under *City of Richmond v. Croson*, 488 U.S. 469 (1989), a state's MBE program must be narrowly tailored to remedy that state's past discrimination.

Additional Information

Prior Introductions: None.

Cross File: HB 1193 (Delegate V. Jones, *et al.*) - Commerce and Government Matters.

Information Source(s): Board of Public Works, Department of Legislative Services

Fiscal Note History: First Reader - March 9, 2000
cm/jr

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