

Department of Legislative Services
Maryland General Assembly
2001 Session

FISCAL NOTE

House Bill 838 (Montgomery County Delegation and
Prince George's County Delegation)

Economic Matters

Economic and Environmental Affairs

**Washington Suburban Sanitary Commission - Local Small Business Enterprise
Program
MC/PG 101-01**

This bill authorizes the Washington Suburban Sanitary Commission (WSSC) to establish, by regulation or resolution, a local small business enterprise program. The bill is effective July 1, 2001.

Fiscal Summary

State Effect: None.

Local Effect: Potential minimal increase in WSSC expenditures for construction contracts and goods and services.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: This bill permits the WSSC to establish a program to assist small businesses. The WSSC may establish a sheltered market or other appropriate preference or assistance for the award of construction contracts or the procurement of goods and services. The WSSC must establish participation criteria and administrative procedures for the program. The eligibility criteria must include:

- a net worth not exceeding \$250,000;

- an average net income after federal taxes for the preceding two years, excluding carryover losses, of no more than \$100,000;
- a principal place of business or significant business presence in the area served by the WSSC; and
- any other criteria the WSSC deems necessary or appropriate to promote local small business.

In addition, the WSSC must establish criteria for graduation from the program for firms that WSSC determines no longer need the assistance or benefits of the program.

Current Law: There is no provision under current law for a local small business enterprise program. However, the WSSC has established a minority business enterprise program that provides a sheltered market, preferences, or other assistance to firms that are at least 51% owned and controlled by individuals who are members of a group that is disadvantaged economically or socially including: African Americans; American Indians; Asians; Hispanics; women; or physically or mentally disabled individuals. The WSSC's authority to establish a minority business enterprise program expires on July 1, 2002.

Local Fiscal Effect: Expenditures may be higher for items purchased from a sheltered or preference assisted vendor than through open competition. Any such increase cannot be reliably estimated at this time, but is assumed to be minimal. According to the WSSC, the administration of a local small business program can be done using existing resources by incorporating the new program into the functions of the staff administering the minority business enterprise program.

Small Business Effect: The establishment of a local small business program by the WSSC could increase the sales and income of businesses with fewer than 50 employees. The extent of the increase in business would depend upon the participation criteria for the program and the number, size, and type of contracts offered to small businesses by the program.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Washington Suburban Sanitary Commission, Department of Legislative Services

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