

Department of Legislative Services
 Maryland General Assembly
 2002 Session

FISCAL NOTE
Revised

House Bill 1150

(Delegate Glassman, *et al.*)

Commerce and Government Matters

Education, Health, and Environmental Affairs

**Procurement - Minority Business Preference - Socially and Economically
 Disadvantaged Individuals**

This bill provides that for the Minority Business Enterprise (MBE) preference, a socially disadvantaged individual includes an individual (including a non-minority male) who has suffered social disadvantage because of long-term residence in an environment isolated from American society, or an individual who has suffered social disadvantages from other causes not common to members of the general public. The Board of Public Works must develop regulations governing the determination that an individual is socially and economically disadvantaged.

Fiscal Summary

State Effect: Increase in general fund expenditures of \$30,700 in FY 2003 for consulting services. Future year estimates reflect a declining need for such services.

| (in dollars) | FY 2003 | FY 2004 | FY 2005 | FY 2006 | FY 2007 |
|----------------|------------|------------|-----------|---------|---------|
| Revenues | \$0 | \$0 | \$0 | \$0 | \$0 |
| GF Expenditure | 30,700 | 21,100 | 5,600 | 0 | 0 |
| Net Effect | (\$30,700) | (\$21,100) | (\$5,600) | \$0 | \$0 |

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: Potential meaningful. According to the U.S. Small Business Administration, in federal fiscal 2000, of the 659 Maryland firms certified for the 8(a) business development program with a comparable definition for socially disadvantaged, six were classified as Caucasian and included one male.

Analysis

Current Law: Chapter 339 of 2001 established the current definitions of socially and economically disadvantaged individuals. Socially disadvantaged individuals are defined as having been subjected to racial, ethnic, or cultural bias and social disadvantage must stem from circumstances beyond the control of the individual.

State Expenditures: The Board of Public Works advises that it would need consulting services over a three-year period to assist in the development of regulations, and to monitor the effectiveness of the regulations. The consulting services are estimated to increase general fund expenditures by \$30,700 in fiscal 2003, \$21,100 in fiscal 2004, and \$5,600 in fiscal 2005.

Additional Comments: A comparable definition is in federal law for the 8(a) business development program for small disadvantaged businesses administered by the U.S. Small Business Administration.

In federal fiscal 2000, of the 659 firms in Maryland in the 8(a) program, 52.8% were classified as African-American, 30.5% Asian, 12.3% Hispanic, and 4.4% were classified as other. Compared to other states, only California and Virginia had a higher number of firms certified for the program than Maryland.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - March 6, 2002
ncs/cer Revised - House Third Reader - March 22, 2002

Analysis by: Christine A. Scott

Direct Inquiries to:
John Rixey, Coordinating Analyst
(410) 946-5510
(301) 970-5510