

Department of Legislative Services
Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE
Revised

House Bill 721

(Delegate Morhaim, *et al.*)

Health and Government Operations

Education, Health, and Environmental Affairs

Procurement - Minority Business Enterprises - Directory

This bill requires the Minority Business Enterprise (MBE) certification agency to develop and maintain a directory of all MBEs in the State. The certification agency is required to include specified information in its directory and to publish and update the material monthly on the Internet.

Fiscal Summary

State Effect: None. This bill could be handled with existing resources.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The certification agency is required to include the following information in the directory of certified MBEs.

- all contact information available to the certification agency for the MBE;
- the certification number and minority status of the MBE;
- contact information for up to three professional references for the MBE;
- other information the certification agency considers necessary or appropriate to encourage participation in the procurement process by MBEs; and

- identification of MBEs that have become certified during the current calendar year.

Current Law: The Board of Public Works (BPW) has designated the Maryland Department of Transportation (MDOT) as the certification agency for the State's MBE program in the Code of Maryland Regulations (COMAR). COMAR requires MDOT to publish and maintain a directory of MBEs it has certified. MDOT is required to update the directory quarterly. The directory must include: (1) the type of supplies, services, maintenance, construction, construction-related services, architectural services, or engineering services the MBE provides; (2) the date of certification; (3) the address, phone number, and contact person for the MBE; and (4) the MBE classification of each certified business.

Background: Certification as an MBE requires that the person, or majority owner of a business, be socially and economically disadvantaged. Socially and economically disadvantaged individuals are defined as citizens or lawfully admitted permanent residents of the U.S. who are: (1) African American; (2) American Indian/Native American; (3) Asian; (4) Hispanic; (5) physically or mentally disabled; (6) women; or (7) otherwise found by the certification agency to be a socially and economically disadvantaged individual. Economically disadvantaged individual is defined as a socially disadvantaged individual whose ability to compete in the free enterprise system has been impaired due to diminished credit and capital opportunities compared to other individuals in the same or similar line of business who are not socially disadvantaged.

An individual with a personal net worth of more than \$750,000 is not an economically disadvantaged individual. Personal net worth is defined as the net value of assets after total liabilities are deducted, and includes the individual's share of assets held jointly or as community property with the individual's spouse. Net worth does not include the individual's: (1) ownership interest in an MBE or the applicant for MBE certification; and (2) equity in his/her primary place of residence.

Once an MBE exceeds the federal definition of a small business, it is no longer eligible to be counted toward an agency's MBE participation goals. If the MBE regains small business status within three years of decertification, it is reinstated as an MBE. Only after three consecutive years in which an MBE does not meet the federal definition of a small business is it formally decertified.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of General Services, Board of Public Works, Governor's Office, Department of Budget and Management, Department of Legislative Services

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