

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE

House Bill 1256 (Prince George's County Delegation and Montgomery County Delegation)

Health and Government Operations

Education, Health, and Environmental Affairs

**Washington Suburban Sanitary Commission - Local Small Business Enterprise Program - Eligibility Criteria
PG/MC 105-06**

This bill changes the definition of small business for the Washington Suburban Sanitation Commission's (WSSC) small business enterprise program to conform to the definition of small business in State law and regulations.

Fiscal Summary

State Effect: None.

Local Effect: None. The bill changes the criteria WSSC must apply in identifying small businesses for its small business enterprise program.

Small Business Effect: Meaningful. The new definition of small business established by this bill is more expansive than the current definition used by WSSC and, therefore, will allow more businesses in Montgomery and Prince George's counties to benefit from WSSC's small business incentive program.

Analysis

Current Law: WSSC has the option of implementing a small business enterprise program to facilitate the participation of small businesses in Montgomery and Prince George's counties in its construction contracts and procurements. A small business under

WSSC's program is defined as one with a net worth not exceeding \$250,000 and an average net income over the last two years not exceeding \$100,000.

State regulations define a small business as a business, other than a broker, that is:

- independently owned and operated;
- not a subsidiary of another firm; and
- not dominant in its field of operation.

In addition, a business must meet the following criteria to qualify for small business certification by the State:

- average gross sales over the last three years did not exceed \$2.0 million in retail operations, wholesale operations, manufacturing operations, or service operations;
- average gross sales over the last three years did not exceed \$7.0 million in construction operations; and
- the firm does not employ more than 25 people in its retail operations, 50 people in either its wholesale or construction operations, or 100 people in either its service or manufacturing operations.

The State's small business reserve program is scheduled to terminate on September 30, 2007.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - March 7, 2006
n/hlb

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