# **SENATE BILL 380**

### By: Senators DeGrange, Astle, Brinkley, Currie, Dyson, Edwards, Garagiola, Klausmeier, Raskin, and Robey

Introduced and read first time: February 2, 2007 Assigned to: Education, Health, and Environmental Affairs

#### A BILL ENTITLED

1 AN ACT concerning

#### 2 **Procurement – Disabled Veteran Business Enterprise Participation**

3 FOR the purpose of establishing a certain participation goal for certain certified 4 disabled veteran business enterprises for certain procurement contracts; 5 requiring a certain awarding unit to consider certain efforts by and award 6 certain contracts to certain bidders or offerors that meet or make a good-faith 7 effort to meet certain participation goals; establishing certain criteria by which 8 a contractor is considered to have made a good-faith effort to meet certain 9 participation goals; requiring the Department of Veterans Affairs and the Governor's Office of Business Advocacy and Small Business Assistance to jointly 10 adopt certain regulations; requiring the Department of Veterans Affairs and the 11 Governor's Office of Business Advocacy and Small Business Assistance to 12 13 designate an advocate to coordinate and oversee certain activities relating to disabled veteran business enterprises; requiring an awarding unit to adopt 14 15 certain regulations to meet the requirements of this Act; requiring an awarding 16 unit to designate a disabled veteran business enterprise advocate to assist the awarding unit in meeting goals related to disabled veteran business enterprise 17 participation; requiring certain awarding units to make certain reports on or 18 19 before a certain date; requiring the Department of Veterans Affairs and the Governor's Office of Business Advocacy and Small Business Assistance to make 20 21 certain reports on or before a certain date; establishing certain prohibited acts 22 and certain penalties for certain violations; defining certain terms; and 23 generally relating to procurement participation by disabled veteran business enterprises. 24

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW. [Brackets] indicate matter deleted from existing law.



## **SENATE BILL 380**

1 2 3 4 5 6	BY adding to Article – State Finance and Procurement Section 14–601 through 14–607 to be under the new subtitle "Subtitle 6. Disabled Veteran Business Enterprise Participation" Annotated Code of Maryland (2006 Replacement Volume and 2006 Supplement)				
7 8 9 10 11	BY repealing and reenacting, with amendments, Article – State Finance and Procurement Section 16–203(a) Annotated Code of Maryland (2006 Replacement Volume and 2006 Supplement)				
12 13	SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:				
14	<b>Article – State Finance and Procurement</b>				
15	SUBTITLE 6. DISABLED VETERAN BUSINESS ENTERPRISE PARTICIPATION.				
16	14-601.				
17 18	(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.				
19 20 21	(B) "Awarding unit" means a unit of State government or an official of the State that enters into contracts on behalf of the State.				
22 23 24	(C) "CERTIFICATION" MEANS THE DETERMINATION THAT A LEGAL ENTITY IS A DISABLED VETERAN BUSINESS ENTERPRISE FOR THE PURPOSES OF THIS SUBTITLE.				
25 26	(D) "CERTIFIED DISABLED VETERAN BUSINESS ENTERPRISE" MEANS A DISABLED VETERAN BUSINESS ENTERPRISE THAT HOLDS A CERTIFICATION.				
27	(E) "DISABLED VETERAN" MEANS AN INDIVIDUAL WHO:				
28 29	(1) HAS SERVED IN ONE OR MORE OF THE UNIFORMED SERVICES OF THE UNITED STATES; AND				

(2) HAS BEEN CERTIFIED BY THE UNIFORMED SERVICE OR BY 1 2 THE UNITED STATES DEPARTMENT OF VETERANS AFFAIRS AS HAVING A 3 SERVICE-CONNECTED DISABILITY, REGARDLESS OF THE DISABILITY RATING. 4 **(F)** (1) "DISABLED VETERAN BUSINESS ENTERPRISE" MEANS A 5 **LEGAL ENTITY:** 6 **(I)** THAT IS ORGANIZED TO ENGAGE IN COMMERCIAL 7 TRANSACTIONS INCLUDING THE LEASE OR RENTAL OF EQUIPMENT; 8 **(II)** THAT IS MAJORITY-OWNED AND CONTROLLED BY ONE 9 OR MORE INDIVIDUALS WHO ARE DISABLED VETERANS; 10 (III) THAT IS MANAGED BY ONE OR MORE OF THE DISABLED 11 **VETERANS WHO OWN IT;** 12 (IV) THAT HAS ITS HOME OFFICE OR PRIMARY PLACE OF 13 **BUSINESS IN THE STATE;** 14 **(V)** FOR WHICH ONE OR MORE OF THE DISABLED VETERANS WHO OWN IT CONTROL THE DAILY BUSINESS OPERATIONS; AND 15 16 (VI) FOR WHICH A DISABLED VETERAN ACTUALLY PERFORMS, MANAGES, OR SUPERVISES THE WORK PERFORMED UNDER A 17 18 CONTRACT. 19 (2) **"DISABLED VETERAN BUSINESS ENTERPRISE" INCLUDES:** 20 **(I)** A SOLE PROPRIETORSHIP THAT IS MAJORITY-OWNED BY 21 ONE OR MORE DISABLED VETERANS OR A PUBLICLY OWNED BUSINESS IN WHICH THE MAJORITY OF THE STOCK IS OWNED BY ONE OR MORE DISABLED 22 23 **VETERANS;** 24 **(II)** A SUBSIDIARY THAT IS WHOLLY OWNED BY A PARENT CORPORATION IN WHICH THE MAJORITY OF THE VOTING STOCK IS OWNED BY 25 **ONE OR MORE DISABLED VETERANS:** 26

SENATE B	ILL 380	

(III) A JOINT VENTURE IN WHICH THE MAJORITY OF THE
 JOINT VENTURE'S MANAGEMENT, CONTROL, AND EARNINGS ARE HELD BY ONE
 OR MORE DISABLED VETERANS; AND

4 (IV) A LIMITED LIABILITY COMPANY THAT IS WHOLLY 5 OWNED BY ONE OR MORE DISABLED VETERANS.

6 **14–602.** 

(A) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, AN AWARDING
 UNIT SHALL ESTABLISH A PROCUREMENT PARTICIPATION GOAL OF 3% FOR
 CERTIFIED DISABLED VETERAN BUSINESS ENTERPRISES.

(B) THE PARTICIPATION GOAL UNDER SUBSECTION (A) OF THIS
 SECTION SHALL APPLY TO THE TOTAL DOLLAR AMOUNT EXPENDED ANNUALLY
 BY AN AWARDING UNIT.

13 **14–603.** 

14 (A) TO ACHIEVE THE PROCUREMENT GOALS SPECIFIED IN § 14–602 OF
 15 THIS SUBTITLE, AN AWARDING UNIT SHALL:

16 (1) CONSIDER THE EFFORTS OF A RESPONSIBLE BIDDER OR
 17 RESPONSIBLE OFFEROR TO MEET DISABLED VETERAN BUSINESS ENTERPRISE
 18 GOALS; AND

19(2) AWARD THE CONTRACT TO THE LOWEST RESPONSIBLE20BIDDER OR RESPONSIBLE OFFEROR THAT MEETS OR MAKES A GOOD-FAITH21EFFORT TO MEET THE GOALS.

(B) A BIDDER OR OFFEROR SHALL BE CONSIDERED TO HAVE MADE A
 GOOD-FAITH EFFORT TO MEET THE GOALS SPECIFIED IN § 14-602 OF THIS
 SUBTITLE IF THE BIDDER OR OFFEROR SUBMITS DOCUMENTARY EVIDENCE
 THAT:

26(1) THE BIDDER OR OFFEROR CONTACTED THE AWARDING UNIT27TO IDENTIFY CERTIFIED DISABLED VETERAN BUSINESS ENTERPRISES;

4

1(2) THE BIDDER OR OFFEROR CONTACTED OTHER STATE OR2FEDERAL AGENCIES OR DISABLED VETERANS' ORGANIZATIONS TO IDENTIFY3CERTIFIED DISABLED VETERAN BUSINESS ENTERPRISES;

4 (3) UNLESS TIME LIMITS IMPOSED BY THE AWARDING UNIT DID 5 NOT MAKE IT FEASIBLE, THE BIDDER OR OFFEROR PUBLISHED AN 6 ADVERTISEMENT IN ONE OR MORE PUBLICATIONS FOCUSING ON DISABLED 7 VETERANS;

8 (4) THE BIDDER OR OFFEROR PROVIDED NOTICE OF AN 9 INVITATION FOR BIDS OR A REQUEST FOR PROPOSALS TO POTENTIAL DISABLED 10 VETERAN BUSINESS ENTERPRISE CONTRACTORS; AND

11(5) THE BIDDER OR OFFEROR CONSIDERED AVAILABLE12CERTIFIED DISABLED VETERAN BUSINESS ENTERPRISES FOR CONTRACTING.

13 **14–604.** 

(A) THE DEPARTMENT OF VETERANS AFFAIRS AND THE GOVERNOR'S
 OFFICE OF BUSINESS ADVOCACY AND SMALL BUSINESS ASSISTANCE JOINTLY
 SHALL ADOPT REGULATIONS TO:

17 (1) CERTIFY AND DECERTIFY DISABLED VETERAN BUSINESS
 18 ENTERPRISES;

19(2) ESTABLISH A SYSTEM FOR TRACKING DISABLED VETERAN20BUSINESS ENTERPRISES; AND

21 (3) ESTABLISH EDUCATIONAL PROGRAMS TO ASSIST DISABLED
 22 VETERAN BUSINESS ENTERPRISES IN BUSINESS DEVELOPMENT AND
 23 PARTICIPATION IN STATE PROCUREMENT ACTIVITIES.

(B) THE GOVERNOR'S OFFICE OF BUSINESS ADVOCACY AND SMALL
 BUSINESS ASSISTANCE SHALL DESIGNATE AN ADVOCATE TO:

26 (1) COORDINATE WITH THE DEPARTMENT OF VETERANS
 27 AFFAIRS TO CONDUCT OUTREACH AND EDUCATION FOR EXISTING AND
 28 POTENTIAL DISABLED VETERAN BUSINESS ENTERPRISES;

PROMOTE, AND COORDINATE EFFORTS

TO

FACILITATE THE IMPLEMENTATION OF THIS SUBTITLE; 2 3 (3) DISSEMINATE INFORMATION RELATING TO THIS SUBTITLE; 4 (4) **COORDINATE REPORTS REQUIRED UNDER THIS SUBTITLE;** 5 (5) COORDINATE WITH AWARDING UNITS AND EXISTING AND POTENTIAL DISABLED VETERAN BUSINESS ENTERPRISES TO ACHIEVE THE 6 GOALS OF THIS SUBTITLE; AND 7 8 (6) COORDINATE THE IMPLEMENTATION OF EDUCATIONAL 9 PROGRAMS ESTABLISHED UNDER THIS SUBTITLE. 10 14-605. 11 (A) AN AWARDING UNIT SHALL ADOPT REGULATIONS TO: (1) 12 CARRY OUT THE PROVISIONS OF THIS SUBTITLE; AND **(2)** MONITOR ADHERENCE TO THE GOALS SPECIFIED IN THIS 13 14 SUBTITLE. 15 **(B)** AN AWARDING UNIT SHALL DESIGNATE A DISABLED VETERAN **BUSINESS ENTERPRISE ADVOCATE TO:** 16 17 (1) ASSIST DISABLED VETERAN CERTIFIED BUSINESS ENTERPRISES IN PARTICIPATING IN THE AWARDING UNIT'S PROCUREMENT 18 19 **ACTIVITIES;** 20 (2) ASSIST PROCUREMENT OFFICERS IN SEEKING CERTIFIED DISABLED VETERAN BUSINESS ENTERPRISES TO PARTICIPATE IN THE 21 AWARDING UNIT'S PROCUREMENT ACTIVITIES; 22 23 (3) SERVE AS AN ADVOCATE FOR CERTIFIED DISABLED VETERAN 24 BUSINESS ENTERPRISES THAT PARTICIPATE IN THE AWARDING UNIT'S 25 **PROCUREMENT ACTIVITIES;** 

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**(2)** 

OVERSEE,

1(4)REPORT TO THE OFFICE OF SMALL BUSINESS CERTIFICATION2AND RESOURCES REGARDING A VIOLATION OF THIS SUBTITLE; AND

3 (5) COORDINATE WITH THE DISABLED VETERAN BUSINESS
 4 ENTERPRISE ADVOCATE IN THE GOVERNOR'S OFFICE OF BUSINESS ADVOCACY
 5 AND SMALL BUSINESS ASSISTANCE TO MEET THE GOALS OF THIS SUBTITLE.

6 **14–606.** 

7 (A) WITHIN 90 DAYS AFTER THE END OF THE FISCAL YEAR, AN 8 AWARDING UNIT SHALL REPORT, FOR THE PRECEDING FISCAL YEAR, THE 9 FOLLOWING INFORMATION TO THE DEPARTMENT OF VETERANS AFFAIRS AND 10 THE GOVERNOR'S OFFICE OF BUSINESS ADVOCACY AND SMALL BUSINESS 11 ASSISTANCE:

12 (1) THE TOTAL NUMBER AND VALUE OF PROCUREMENT 13 CONTRACTS BETWEEN THE AWARDING UNIT AND CERTIFIED DISABLED 14 VETERAN BUSINESS ENTERPRISES;

15 (2) THE PERCENTAGE THAT THE CONTRACTS UNDER ITEM (1) OF 16 THIS SUBSECTION REPRESENT OF THE TOTAL NUMBER AND VALUE OF THE 17 AWARDING UNIT'S PROCUREMENT CONTRACTS;

18(3) IF THE AWARDING UNIT DID NOT MEET THE GOALS19ESTABLISHED UNDER THIS SUBTITLE FOR THE PRECEDING FISCAL YEAR:

20(I)THE REASONS THE AWARDING UNIT DID NOT MEET THE21GOALS; AND

(II) STEPS THE AWARDING UNIT WILL TAKE DURING THE
 NEXT FISCAL YEAR IN AN EFFORT TO MEET THE GOALS; AND

(4) OTHER INFORMATION AS REQUIRED BY THE DEPARTMENT OF
 VETERANS AFFAIRS OR THE GOVERNOR'S OFFICE OF BUSINESS ADVOCACY
 AND SMALL BUSINESS ASSISTANCE.

(B) ON OR BEFORE DECEMBER 31 OF EACH YEAR, THE DEPARTMENT
 OF VETERANS AFFAIRS AND THE GOVERNOR'S OFFICE OF BUSINESS
 ADVOCACY AND SMALL BUSINESS ASSISTANCE JOINTLY SHALL SUBMIT TO THE

1 BOARD OF PUBLIC WORKS AND, SUBJECT TO § 2–1246 OF THE STATE 2 GOVERNMENT ARTICLE, THE LEGISLATIVE POLICY COMMITTEE A REPORT 3 SUMMARIZING THE INFORMATION RECEIVED UNDER SUBSECTION (A) OF THIS 4 SECTION.

- 5 **14–607.**
- 6 (A) A PERSON MAY NOT:

7 (1) KNOWINGLY AND WITH INTENT TO DEFRAUD, FRAUDULENTLY
8 OBTAIN, RETAIN, ATTEMPT TO OBTAIN OR RETAIN, OR AID ANOTHER IN
9 FRAUDULENTLY OBTAINING OR RETAINING OR ATTEMPTING TO OBTAIN OR
10 RETAIN, CERTIFICATION AS A DISABLED VETERAN BUSINESS ENTERPRISE FOR
11 THE PURPOSE OF PARTICIPATING IN STATE PROCUREMENT ACTIVITIES UNDER
12 THIS SUBTITLE;

(2) WILLFULLY AND KNOWINGLY MAKE A FALSE STATEMENT
WITH THE INTENT TO DEFRAUD, WHETHER BY AFFIDAVIT, REPORT, OR OTHER
REPRESENTATION, TO A STATE OFFICIAL OR EMPLOYEE FOR THE PURPOSE OF
INFLUENCING THE CERTIFICATION OR DENIAL OF CERTIFICATION OF ANY
ENTITY AS A DISABLED VETERAN BUSINESS ENTERPRISE;

18(3) WILLFULLY AND KNOWINGLY OBSTRUCT, IMPEDE, OR19ATTEMPT TO OBSTRUCT OR IMPEDE, A STATE OFFICIAL OR EMPLOYEE WHO IS20INVESTIGATING THE QUALIFICATIONS OF A BUSINESS ENTITY THAT HAS21REQUESTED CERTIFICATION AS A DISABLED VETERAN BUSINESS ENTERPRISE;

(4) KNOWINGLY AND WITH INTENT TO DEFRAUD, FRAUDULENTLY
OBTAIN, ATTEMPT TO OBTAIN, OR AID ANOTHER PERSON IN FRAUDULENTLY
OBTAINING OR ATTEMPTING TO OBTAIN, PUBLIC MONEYS, PROCUREMENT
CONTRACTS, OR FUNDS EXPENDED UNDER A PROCUREMENT CONTRACT TO
WHICH THE PERSON IS NOT ENTITLED UNDER THIS ARTICLE;

(5) KNOWINGLY AND WITH INTENT TO DEFRAUD, FRAUDULENTLY
 REPRESENT PARTICIPATION OF A DISABLED VETERAN BUSINESS ENTERPRISE
 IN ORDER TO OBTAIN OR RETAIN A BID PREFERENCE OR A PROCUREMENT
 CONTRACT;

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1 (6) WILLFULLY AND KNOWINGLY MAKE OR SUBSCRIBE TO ANY 2 STATEMENT, DECLARATION, OR OTHER DOCUMENT THAT IS FRAUDULENT OR 3 FALSE AS TO ANY MATERIAL MATTER, WHETHER OR NOT THAT FALSITY OR 4 FRAUD IS COMMITTED WITH THE KNOWLEDGE OR CONSENT OF THE PERSON 5 AUTHORIZED OR REQUIRED TO PRESENT THE DECLARATION, STATEMENT, OR 6 DOCUMENT;

7 (7) WILLFULLY AND KNOWINGLY AID, ASSIST IN, PROCURE, 8 COUNSEL, OR ADVISE, THE PREPARATION OR PRESENTATION OF A 9 DECLARATION, STATEMENT, OR OTHER DOCUMENT THAT IS FRAUDULENT OR 10 FALSE AS TO ANY MATERIAL MATTER, REGARDLESS OF WHETHER THAT FALSITY 11 OR FRAUD IS COMMITTED WITH THE KNOWLEDGE OR CONSENT OF THE PERSON 12 AUTHORIZED OR REQUIRED TO PRESENT THE DECLARATION, STATEMENT, OR 13 DOCUMENT;

14 (8) WILLFULLY AND KNOWINGLY FAIL TO FILE ANY DECLARATION
 15 OR NOTICE WITH THE AWARDING UNIT THAT IS REQUIRED BY THIS SUBTITLE;
 16 OR

17 (9) ESTABLISH, KNOWINGLY AID IN THE ESTABLISHMENT OF, OR
 18 EXERCISE CONTROL OVER, A BUSINESS FOUND TO HAVE VIOLATED A PROVISION
 19 OF PARAGRAPHS (1) THROUGH (8) OF THIS SUBSECTION.

(B) (1) A PERSON WHO VIOLATES ANY OF THE PROVISIONS OF
 SUBSECTION (A) OF THIS SECTION SHALL BE GUILTY OF A MISDEMEANOR AND
 ON CONVICTION IS SUBJECT TO A FINE NOT EXCEEDING \$1,000 OR
 IMPRISONMENT NOT EXCEEDING 6 MONTHS OR BOTH.

(2) IN ADDITION TO THE PENALTIES UNDER PARAGRAPH (1) OF
 THIS SUBSECTION, A PERSON WHO VIOLATES ANY OF THE PROVISIONS OF
 SUBSECTION (A) OF THIS SECTION SHALL BE:

(I) FOR THE FIRST OFFENSE, LIABLE FOR A CIVIL PENALTY
 OF NOT LESS THAN \$10,000 AND NOT EXCEEDING \$30,000; AND

(II) FOR A SUBSEQUENT OFFENSE, A CIVIL PENALTY OF NOT
 LESS THAN \$30,000 AND NOT EXCEEDING \$50,000.

1 (3) A PERSON WHO VIOLATES ANY OF THE PROVISIONS OF 2 SUBSECTION (A) OF THIS SECTION SHALL PAY ALL COSTS AND ATTORNEY'S FEES 3 INCURRED BY THE PLAINTIFF IN A CIVIL ACTION BROUGHT UNDER THIS 4 SUBTITLE.

5 (C) (1) IN ACCORDANCE WITH TITLE 16 OF THIS ARTICLE, A PERSON
6 WHO IS CONVICTED OF A VIOLATION OF SUBSECTION (A) OF THIS SECTION
7 SHALL:

8 (I) FOR A FIRST OFFENSE, BE DEBARRED FOR A PERIOD OF 9 NOT LESS THAN 3 YEARS AND, IF CERTIFIED AS A DISABLED VETERAN BUSINESS 10 ENTERPRISE, BE STRIPPED OF THE CERTIFICATION FOR A PERIOD OF NOT LESS 11 THAN 3 YEARS; AND

(II) FOR A SUBSEQUENT OFFENSE, BE DEBARRED FOR A
PERIOD OF NOT LESS THAN 5 YEARS AND, IF CERTIFIED AS A DISABLED
VETERAN BUSINESS ENTERPRISE, BE STRIPPED OF THE CERTIFICATION FOR A
PERIOD OF NOT LESS THAN 5 YEARS.

(2) A DEBARMENT OR REVOCATION OF CERTIFICATION UNDER
 THIS SUBSECTION SHALL APPLY TO THE PRINCIPALS OF THE BUSINESS AND ANY
 SUBSEQUENT BUSINESSES FORMED OR FINANCED BY, OR AFFILIATED WITH,
 THOSE PRINCIPALS.

(3) THE BOARD SHALL PROHIBIT A BUSINESS OR PERSON WHO
 FAILS TO SATISFY THE PENALTIES, COSTS, AND ATTORNEY'S FEES IMPOSED
 UNDER SUBSECTION (B) OF THIS SECTION FROM FURTHER CONTRACTING WITH
 THE STATE UNTIL THE PENALTIES ARE SATISFIED.

24(D)(1)THE AWARDING UNIT SHALL REPORT ALL ALLEGED25VIOLATIONS OF THIS SECTION TO THE BOARD.

(2) THE BOARD SHALL SUBSEQUENTLY REPORT ALL ALLEGED
 VIOLATIONS OF THIS SECTION TO THE OFFICE OF THE ATTORNEY GENERAL,
 WHICH SHALL DETERMINE WHETHER TO BRING A CIVIL ACTION AGAINST A
 PERSON OR BUSINESS FOR A VIOLATION OF THIS SECTION.

30 16–203.

**SENATE BILL 380** 

A person may be debarred from entering into a contract with the State if 1 (a) 2 the person, an officer, partner, controlling stockholder or principal of that person, or 3 any other person substantially involved in that person's contracting activities has: 4 (1)been convicted under the laws of the State, another state or the 5 United States of: 6 (i) a criminal offense incident to obtaining, attempting to 7 obtain, or performing a public or private contract, except as provided in § 16–202; or 8 (ii) fraud. embezzlement, theft, forgery, falsification or destruction of records, or receiving stolen property: 9 been convicted of a criminal violation of an antitrust statute of the 10 (2)11 State, another state, or the United States; been convicted of a violation of the Racketeer Influenced and 12 (3)13 Corrupt Organization Act, or the Mail Fraud Act, for acts in connection with the submission of bids or proposals for a public or private contract; 14 15 (4)been convicted of a violation of § 14–308 of this article; 16 been convicted of conspiracy to commit any act or omission that (5)would constitute grounds for conviction under any of the laws or statutes described in 17 18 paragraphs (1), (2), (3), or (4) of this subsection; 19 been found civilly liable under an antitrust statute of the State,  $(\mathbf{6})$ 20 another state, or the United States for acts or omissions in connection with the 21 submission of bids or proposals for a public or private contract; [or] been found in a final adjudicated decision to have violated the 22 (7)23 Commercial Nondiscrimination Policy under Title 19 of this article with regard to a public or private contract; OR 24 25 (8) BEEN CONVICTED OF A VIOLATION OF § 14-607(A) OF THIS 26 ARTICLE. SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect 27 28 October 1, 2007.