

## CHAPTER 514

(Senate Bill 23)

AN ACT concerning

**Procurement – Small Business Reserve Program – ~~Sunset Extension~~  
~~Modifications~~ *Sunset Extension***

FOR the purpose of ~~altering certain reporting requirements relating to procurements involving small businesses under the Small Business Reserve Program;~~ continuing until a certain date the provisions of the State Procurement Law relating to ~~procurements from small businesses under~~ the Small Business Reserve Program; and generally relating to the Small Business Reserve Program.

BY repealing and reenacting, without amendments,  
Article – State Finance and Procurement  
Section 14–501 through 14–505  
Annotated Code of Maryland  
(2006 Replacement Volume and 2006 Supplement)

BY repealing and reenacting, with amendments,  
Chapter 75 of the Acts of the General Assembly of 2004  
Section 2

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

**Article – State Finance and Procurement**

14–501.

- (a) In this subtitle the following words have the meanings indicated.
- (b) “Designated procurement unit” means:
  - (1) the State Treasurer;
  - (2) the Department of Budget and Management;

- (3) the Department of Business and Economic Development;
  - (4) the Department of the Environment;
  - (5) the Department of General Services;
  - (6) the Department of Health and Mental Hygiene;
  - (7) the Department of Housing and Community Development;
  - (8) the Department of Human Resources;
  - (9) the Department of Juvenile Services;
  - (10) the Department of Labor, Licensing, and Regulation;
  - (11) the Department of Natural Resources;
  - (12) the State Department of Education;
  - (13) the Department of State Police;
  - (14) the Department of Public Safety and Correctional Services;
  - (15) the Department of Transportation;
  - (16) the University System of Maryland;
  - (17) the Maryland Port Commission;
  - (18) the State Retirement Agency;
  - (19) the Maryland Insurance Administration;
  - (20) the Maryland Stadium Authority;
  - (21) the State Lottery Agency; and
  - (22) the Morgan State University.
- (c) “Small business” means:

(1) a certified minority business enterprise, as defined in § 14–301 of this title, that meets the criteria specified under paragraph (2) of this subsection; or

(2) a business, other than a broker, that meets the following criteria:

(i) the business is independently owned and operated;

(ii) the business is not a subsidiary of another business;

(iii) the business is not dominant in its field of operation;

(iv) the wholesale operations of the business did not employ more than 50 persons, and the gross sales of the business did not exceed an average of \$2,000,000 in its most recently completed 3 fiscal years;

(v) the retail operations of the business did not employ more than 25 persons, and the gross sales of the business did not exceed an average of \$2,000,000 in its most recently completed 3 fiscal years;

(vi) the manufacturing operations of the business did not employ more than 100 persons, and the gross sales of the business did not exceed an average of \$2,000,000 in its most recently completed 3 fiscal years;

(vii) the service operations of the business did not employ more than 100 persons, and the gross sales of the business did not exceed an average of \$2,000,000 in its most recently completed 3 fiscal years; and

(viii) the construction operations of the business did not employ more than 50 persons, and the gross sales of the business did not exceed an average of \$7,000,000 in its most recently completed 3 fiscal years.

(d) “Small business reserve” means those procurements that are limited to responses from small businesses under § 14–502(b) of this subtitle.

14–502.

(a) Except as provided in subsection (d) of this section, this subtitle applies to all procurements by a designated procurement unit.

(b) This subsection does not apply to procurements subject to Subtitle 1 of this title.

(c) A designated procurement unit shall structure its procurement procedures to achieve a minimum of 10 percent of the unit's total dollar value of goods, supplies, services, maintenance, construction, construction-related services, architectural service, and engineering service contracts to be made directly to small businesses.

(d) The total dollar value of procurements by a designated procurement unit does not include the value of contracts to which this section does not apply because of a conflict with federal law.

14-503.

(a) The Department of General Services shall adopt regulations to establish procedures for compiling and maintaining a comprehensive bidder's list of qualified small businesses that shall be posted on the Department's website.

(b) Each designated procurement unit shall ensure compliance with the regulations set forth in subsection (a) of this section.

14-504.

(a) Any procurement by a designated procurement unit of goods, supplies, services, maintenance, construction, construction-related services, architectural services, and engineering services shall be eligible for designation for the small business reserve.

(b) A solicitation for procurement that has been designated for a small business reserve shall be published in the same manner as required for an invitation for bids as set forth in § 13-103(c) of this article.

(c) The procurement officer of a designated procurement unit shall award a procurement contract designated for a small business reserve to the small business that submits a responsive bid that:

- (1) is the lowest bid price;
- (2) if the invitation for bids so provides, is the lowest evaluated bid price; or
- (3) is the bid or proposal most favorable to the State within the small business reserve.

14-505.

(a) Within 90 days after the end of each fiscal year, each designated procurement unit shall submit a report on the operation and effectiveness of the Small Business Reserve Program that complies with subsection (d)(2) of this section to the Board of Public Works.

(b) Within 60 days after receipt of all reports required under subsection (a) of this section, the Board of Public Works shall compile the information and report on the operation and effectiveness of the entire Small Business Reserve Program to the Legislative Policy Committee, subject to § 2-1246 of the State Government Article.

(c) Within 60 days after the enactment of the budget bill by the General Assembly, each designated procurement unit shall submit a report to the Governor's Office of Minority Affairs that complies with the reporting requirements set forth in COMAR 21.11.01.06.

(d) (1) Within 90 days after the end of each fiscal year, each unit shall submit a report to the Governor's Office of Minority Affairs that complies with the requirements of paragraph (2) of this subsection.

(2) For the preceding fiscal year, the report shall:

(i) state, ~~BY INDUSTRY SECTOR AS IDENTIFIED UNDER § 14-501(C)(2)(IV) THROUGH (VII) OF THIS SUBTITLE,~~ the total number and the dollar value of payments the unit made to small businesses under designated small business reserve contracts;

(ii) state, ~~BY INDUSTRY SECTOR AS IDENTIFIED UNDER § 14-501(C)(2)(IV) THROUGH (VII) OF THIS SUBTITLE,~~ the total number and the dollar value of payments the unit made to small businesses under nondesignated small business reserve contracts, including purchase card procurements;

(iii) state, ~~BY INDUSTRY SECTOR AS IDENTIFIED UNDER § 14-501(C)(2)(IV) THROUGH (VII) OF THIS SUBTITLE,~~ the total dollar value of payments the unit made under procurement contracts; ~~and~~ *and*

~~(IV) ANALYZE AND DETERMINE WHETHER CURRENT ELIGIBILITY STANDARDS ARE APPROPRIATE OR INSUFFICIENT AND A BARRIER TO THE UNIT'S ABILITY TO MEET THE 10% GOAL UNDER § 14-502 OF THIS SUBTITLE; AND~~

~~(iv)~~ ~~(v)~~ *(iv)* contain other such information as required by the Governor's Office of Minority Affairs.

(e) On or before December 31 of each year, the Governor's Office of Minority Affairs shall submit to the Board of Public Works and, subject to § 2-1246 of the State Government Article, to the Legislative Policy Committee a report summarizing the information the office receives under subsection (b) of this section.

#### **Chapter 75 of the Acts of 2004**

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2004. It shall remain effective for a period of [3 years] **6 YEARS** and, at the end of [September 30, 2007] **SEPTEMBER 30, 2010**, with no further action required by the General Assembly, this Act, and any regulations adopted under the provisions of this Act, shall be abrogated and of no further force and effect.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2007.

**Approved by the Governor, May 17, 2007.**