

Department of Legislative Services
Maryland General Assembly
2007 Session

FISCAL AND POLICY NOTE

House Bill 692 (Montgomery County Delegation and Prince George's County
Delegation)

Health and Government Operations

Education, Health, and Environmental
Affairs

**Washington Suburban Sanitary Commission - Local Small Business Enterprise
Program - Eligibility Criteria
MC/PG 105-07**

This bill changes the definition of a 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.

The bill takes effect July 1, 2007.

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 having:

- a net worth not exceeding \$250,000;
- an average net income after federal income taxes for the preceding two years not exceeding \$100,000; and
- a principal place of business or significant employee presence in Montgomery County or Prince George's County.

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.

Background: WSSC is among the 10 largest water and sewer utilities in the country, providing water and sewer services to 1.6 million residents in Montgomery and Prince George's counties. It has a total budget of \$757.1 million (\$502.1 operating budget and \$255.0 capital budget) in fiscal 2007, over 400,000 customer accounts, and serves an area of around 1,000 square miles. It operates three reservoirs, two water filtration plants, and six wastewater treatment plants.

Additional Information

Prior Introductions: HB 1256 of 2006 passed the House and was heard by the Senate Education, Health, and Environmental Affairs Committee, but no further action was taken on the bill.

Cross File: None.

Information Source(s): Montgomery County, Prince George's County, Washington Suburban Sanitary Commission, Department of Legislative Services

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ncs/hlb

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