

HOUSE BILL 456

P2

2lr2042
CF SB 549

By: **Delegates Reznik, Mizeur, Kipke, Donoghue, A. Kelly, and Ready**

Introduced and read first time: February 1, 2012

Assigned to: Health and Government Operations

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 18, 2012

CHAPTER _____

1 AN ACT concerning

2 **Small Business Reserve Program – Definition of Small Business – Revision**

3 FOR the purpose of altering the definition of “small business” under the Small
4 Business Reserve Program under the State procurement law; including small
5 businesses that meet either the limitation on employees employed by the
6 business or the limitation on gross sales of the business under the Small
7 Business Reserve Program; requiring the Department of General Services to
8 report to certain committees of the General Assembly on or before a certain
9 date; providing for the termination of this Act; and general relating to the Small
10 Business Reserve Program.

11 BY repealing and reenacting, without amendments,
12 Article – State Finance and Procurement
13 Section 14–501(a)
14 Annotated Code of Maryland
15 (2009 Replacement Volume and 2011 Supplement)

16 BY repealing and reenacting, with amendments,
17 Article – State Finance and Procurement
18 Section 14–501(c)
19 Annotated Code of Maryland
20 (2009 Replacement Volume and 2011 Supplement)

21 Preamble

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 WHEREAS, Maryland small businesses are an integral component and driving
 2 force for job creation and economic security; and

3 WHEREAS, The Maryland Small Business Reserve Program plays a key role in
 4 supporting Maryland small businesses, creating a forum for fostering increased
 5 competitive opportunities for growth; and

6 WHEREAS, The Maryland Small Business Reserve Program is also an
 7 important race-neutral program intended to reduce the impact of discrimination
 8 against minority- and women-owned businesses, especially those businesses seeking
 9 to become prime contractors, and to promote the development of competitive and
 10 economically viable minority- and women-owned businesses; and

11 WHEREAS, Increasing opportunities for more small business through increased
 12 participation in the Small Business Reserve Program is in the best interest of
 13 Maryland; and

14 WHEREAS, In order to meet its objectives, the structure, composition, and
 15 requirements of participation in the Small Business Reserve Program must be
 16 accessible and fair, and structured to create a fair competitive environment for all
 17 potential program participants; now, therefore,

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

20 **Article – State Finance and Procurement**

21 14-501.

22 (a) In this subtitle the following words have the meanings indicated.

23 (c) “Small business” means:

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

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

27 (i) the business is independently owned and operated;

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

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

30 (iv) 1. A. the wholesale operations of the business did not
 31 employ more than 50 persons[, and the gross sales of the business did not exceed an
 32 average of \$4,000,000] in its most recently completed 3 fiscal years;

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

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

7 [(vii)] **D.** the service operations of the business did not employ
8 more than 100 persons[, and the gross sales of the business did not exceed an average
9 of \$10,000,000] in its most recently completed 3 fiscal years;

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

13 [(ix)] **F.** the architectural and engineering services of the
14 business did not employ more than 100 persons[, and the gross sales of the business
15 did not exceed an average of \$4,500,000] in its most recently completed 3 fiscal years;
16 **OR**

17 **2. A. THE GROSS SALES OF THE WHOLESALE**
18 **OPERATIONS OF THE BUSINESS DID NOT EXCEED AN AVERAGE OF \$4,000,000 IN**
19 **ITS MOST RECENTLY COMPLETED 3 FISCAL YEARS;**

20 **B. THE GROSS SALES OF THE RETAIL OPERATIONS**
21 **OF THE BUSINESS DID NOT EXCEED AN AVERAGE OF \$3,000,000 IN ITS MOST**
22 **RECENTLY COMPLETED 3 FISCAL YEARS;**

23 **C. THE GROSS SALES OF THE MANUFACTURING**
24 **OPERATIONS OF THE BUSINESS DID NOT EXCEED AN AVERAGE OF \$2,000,000 IN**
25 **ITS MOST RECENTLY COMPLETED 3 FISCAL YEARS;**

26 **D. THE GROSS SALES OF THE SERVICE OPERATIONS**
27 **OF THE BUSINESS DID NOT EXCEED AN AVERAGE OF \$10,000,000 IN ITS MOST**
28 **RECENTLY COMPLETED 3 FISCAL YEARS;**

29 **E. THE GROSS SALES OF THE CONSTRUCTION**
30 **OPERATIONS OF THE BUSINESS DID NOT EXCEED AN AVERAGE OF \$7,000,000 IN**
31 **ITS MOST RECENTLY COMPLETED 3 FISCAL YEARS; AND**

1 **F. THE GROSS SALES OF THE ARCHITECTURAL AND**
 2 **ENGINEERING SERVICES OF THE BUSINESS DID NOT EXCEED AN AVERAGE OF**
 3 **\$4,500,000 IN ITS MOST RECENTLY COMPLETED 3 FISCAL YEARS.**

4 SECTION 2. AND BE IT FURTHER ENACTED, That, on or before October 1,
 5 2013, the Department of General Services, in consultation with the Governor's Office
 6 of Minority Affairs and the Maryland Department of Transportation, shall study the
 7 Small Business Reserve Program to evaluate the Program's structure, composition,
 8 and requirements for participation and its impact and shall report to the Senate
 9 Education, Health, and Environmental Affairs Committee and the House Health and
 10 Government Operations Committee, in accordance with § 2-1246 of the State
 11 Government Article, on recommendations concerning the changes enacted by this Act
 12 to the requirements for participation in the Program, including the Program's
 13 financial and employment guidelines, and additional legislation to implement any
 14 recommended changes.

15 SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take
 16 effect October 1, 2012. It shall remain effective for a period of 2 years and, at the end
 17 of September 30, 2014, with no further action required by the General Assembly, this
 18 Act shall be abrogated and of no further force and effect.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.