

Chapter 708

(House Bill 587)

AN ACT concerning

**State Finance and Procurement – Veteran-Owned Small Business Enterprises –  
Definitions *and Penalties***

FOR the purpose of ~~defining “small business” and “veteran” for~~ defining “veteran” and altering the definition of “veteran-owned small business enterprise” for the purposes of certain provisions of law relating to procurement from veteran-owned small business enterprises; altering the definition of “veteran-owned small business enterprise” the structure of a unit’s procurement procedures; authorizing certain penalties to be applied to a person that willfully misrepresents a business as a veteran-owned small business enterprise; providing for a delayed effective date; and generally relating to veteran-owned small business enterprises.

BY repealing and reenacting, with amendments,  
Article – State Finance and Procurement  
Section 14-601  
Annotated Code of Maryland  
(2015 Replacement Volume and 2016 Supplement)

BY adding to  
Article – State Finance and Procurement  
Section 14-606  
Annotated Code of Maryland  
(2015 Replacement Volume and 2016 Supplement)

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

**Article – State Finance and Procurement**

14-601.

(A) In this subtitle[, “veteran-owned] **THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.**

~~(B) “SMALL BUSINESS” HAS THE MEANING STATED IN § 14-501 OF THIS TITLE.~~

~~(C)~~ (B) **“VETERAN” MEANS AN INDIVIDUAL WHO SERVED ON ACTIVE DUTY IN THE ARMED FORCES OF THE UNITED STATES, OTHER THAN FOR TRAINING, AND WAS DISCHARGED OR RELEASED UNDER CONDITIONS OTHER THAN DISHONORABLE.**

~~(D)~~ (C) “VETERAN-OWNED small business enterprise” means a ~~SMALL~~ business that:

(1) MEETS THE SIZE STANDARDS ADOPTED BY THE UNITED STATES SMALL BUSINESS ADMINISTRATION IN 13 C.F.R. 121.201 AND ANY SUBSEQUENT REVISION OF THAT REGULATION; AND

(2) is [verified by the Center for Veterans Enterprise of the United States Department of Veterans Affairs as a veteran-owned small business] **AT LEAST 51% OWNED BY ONE OR MORE INDIVIDUALS WHO:**

(I) ARE VETERANS; AND

(II) CONTROL THE MANAGEMENT AND DAILY OPERATIONS OF THE BUSINESS.

**14-606.**

IN ADDITION TO THE PENALTIES UNDER § 14-605(B) OF THIS SUBTITLE, A PERSON THAT WILLFULLY MISREPRESENTS A BUSINESS AS A VETERAN-OWNED SMALL BUSINESS ENTERPRISE FOR PURPOSES OF OBTAINING OR RETAINING A CONTRACT OR SUBCONTRACT MAY BE SUBJECT TO:

(1) SUSPENSION OR DEBARMENT UNDER TITLE 16 OF THIS ARTICLE;  
OR

(2) CIVIL PENALTIES UNDER THE MARYLAND FALSE CLAIMS ACT UNDER TITLE 8 OF THE GENERAL PROVISIONS ARTICLE.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, ~~2017~~ 2018.

Approved by the Governor, May 25, 2017.