

HOUSE BILL 284

P2

HB 224/18 – HGO

9lr0521

CF SB 983

By: **Delegates J. Lewis, Carey, W. Fisher, Ivey, Luedtke, Washington, and Wilkins, Wilkins, Bagnall, Barron, Bhandari, Carr, Charles, Chisholm, Hill, Kerr, Krebs, R. Lewis, Metzgar, Morgan, Pena-Melnyk, Pendergrass, Rosenberg, Saab, Sample-Hughes, and K. Young**

Introduced and read first time: January 25, 2019

Assigned to: Health and Government Operations

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 9, 2019

CHAPTER _____

1 AN ACT concerning

2 **Procurement – Small Businesses and Minority Businesses – Qualification and
3 Certification**

4 **(Small and Minority Business Certification Streamlining Act of 2019)**

5 FOR the purpose of requiring the Secretary of General Services, the Secretary of
6 Transportation, the Chancellor of the University System of Maryland, and the
7 President of Morgan State University to adopt certain regulations, on or before a
8 certain date, to require the qualification of a business as a small business in a certain
9 manner if the business has obtained a certain federal certification; altering a
10 requirement that certain regulations promote and facilitate certification of minority
11 business enterprises that have received a certain federal certification; requiring the
12 Board of Public Works to adopt regulations that provide for the certification of a
13 business as a minority business enterprise if the business has obtained a certain
14 federal certification and meets certain eligibility requirements; and generally
15 relating to procurement by small businesses and minority businesses.

16 BY repealing and reenacting, with amendments,

17 Article – State Finance and Procurement

18 Section 14–203 and 14–303

19 Annotated Code of Maryland

20 (2015 Replacement Volume and 2018 Supplement)

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

3 **Article – State Finance and Procurement**

4 14–203.

5 (a) By regulation, the Secretary of General Services, the Secretary of
6 Transportation, the Chancellor of the University System of Maryland, and the President of
7 Morgan State University each shall specify the criteria that a business must meet to qualify
8 as a small business.

9 (b) (1) The criteria for qualification as a small business may vary among
10 industries to reflect their particular characteristics.

11 (2) Regulations adopted under this section shall include, for each class of
12 business, the maximum number of employees a business may have to qualify as a small
13 business.

14 **(C) THE REGULATIONS ADOPTED UNDER SUBSECTION (A) OF THIS SECTION
15 SHALL REQUIRE THE QUALIFICATION OF A BUSINESS AS A SMALL BUSINESS:**

16 (1) IF THE BUSINESS HAS OBTAINED CERTIFICATION AS A SMALL
17 BUSINESS UNDER A FEDERAL SMALL BUSINESS CERTIFICATION PROGRAM; AND

18 (2) WITHOUT FILING ANY ADDITIONAL PAPERWORK OTHER THAN
19 EVIDENCE OF THE FEDERAL CERTIFICATION.

20 14–303.

21 (a) (1) (i) In accordance with Title 10, Subtitle 1 of the State Government
22 Article, the Board shall adopt regulations consistent with the purposes of this Division II
23 to carry out the requirements of this subtitle.

24 (ii) The Board shall keep a record of information regarding any
25 waivers requested in accordance with § 14–302(a)(9)(i) of this subtitle and subsection
26 (b)(12) of this section and submit a copy of the record to the General Assembly on or before
27 October 1 of each year, in accordance with § 2–1246 of the State Government Article.

28 (iii) The Board shall keep a record of the aggregate number and the
29 identity of minority business enterprises that receive certification under the process
30 established by the Board under subsection (b)(1) of this section and submit a copy of the
31 record to the General Assembly on or before October 1 of each year, in accordance with §
32 2–1246 of the State Government Article.

5 (b) These regulations shall include:

6 (1) provisions:

(i) designating one State agency to certify and decertify minority business enterprises for all units through a single process that meets applicable federal requirements, including provisions that promote and facilitate the submission of some or all of the certification application through an electronic process;

18 **1. HAS OBTAINED CERTIFICATION UNDER THE FEDERAL**
19 **DISADVANTAGED BUSINESS ENTERPRISE PROGRAM; AND**

20 **2. MEETS THE ELIGIBILITY REQUIREMENTS OF THE**
21 **MINORITY BUSINESS ENTERPRISE PROGRAM;**

26 (iv) authorizing the agency designated to certify minority business
27 enterprises to extend the notification requirement established under item (iii) of this item
28 once, for no more than an additional 60 days, if the agency provides the applicant with a
29 written notice and explanation;

(3) a requirement that bidders or offerors complete a document setting forth the percentage of the total dollar amount of the contract that the bidder or offeror agrees will be performed by certified minority business enterprises;

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1 (4) a requirement that within 10 days after notice from the prime
2 contractor of the State's intent to award a contract, each minority business enterprise
3 serving as a subcontractor on the contract complete a document setting forth the percentage
4 and type of work assigned to the subcontractor under the contract and submit copies of the
5 completed form to both the procurement officer and the contractor;

6 (5) a requirement that the solicitation documents completed and submitted
7 by the bidder or offeror in connection with its minority business enterprise participation
8 commitment must be attached to and made a part of the contract;

9 (6) (i) a requirement that all contracts containing minority business
10 enterprise participation goals shall contain a liquidated damages provision that applies in
11 the event that the contractor fails to comply in good faith with the provisions of this subtitle
12 or the pertinent terms of the applicable contract; and

13 (ii) a provision that prohibits a unit from assessing liquidated
14 damages for an indefinite delivery contract or an indefinite performance contract if a unit
15 fails to request the performance or delivery of a task for which:

16 1. a minority business enterprise subcontractor was named
17 on the participation schedule; or

18 2. a minority business enterprise subcontractor was named
19 on the participation schedule and qualified based on the subcontractor's existing North
20 American Industry Classification System code;

21 (7) a requirement that the unit provide a current list of certified minority
22 business enterprises to each prospective contractor;

23 (8) provisions to ensure the uniformity of requests for bids on subcontracts;

24 (9) provisions relating to the timing of requests for bids on subcontracts
25 and of submission of bids on subcontracts;

26 (10) provisions designed to ensure that a fiscal disadvantage to the State
27 does not result from an inadequate response by minority business enterprises to a request
28 for bids;

29 (11) provisions relating to joint ventures, under which a bidder may count
30 toward meeting its minority business enterprise participation goal, the minority business
31 enterprise portion of the joint venture;

32 (12) consistent with § 14–302(a)(9) of this subtitle, provisions relating to any
33 circumstances under which a unit may waive obligations of the contractor relating to
34 minority business enterprise participation;

(13) provisions requiring a monthly submission to the unit by minority business enterprises acknowledging all payments received in the preceding 30 days under a contract governed by this subtitle;

(15) a requirement that a unit verify that minority business enterprises listed in a successful bid are actually participating to the extent listed in the project for which the bid was submitted;

(16) provisions establishing a graduation program based on the financial viability of the minority business enterprise, using annual gross receipts or other economic indicators as may be determined by the Board;

(17) a requirement that a bid or proposal based on a solicitation with an expected degree of minority business enterprise participation identify the specific commitment of certified minority business enterprises at the time of submission;

(18) provisions promoting and providing for the counting and reporting of certified minority business enterprises as prime contractors;

(19) provisions establishing standards to require a minority business enterprise to perform a commercially useful function on a contract;

(20) a requirement that each unit work with the Governor's Office of Small, Minority, and Women Business Affairs to designate certain procurements as being excluded from the requirements of § 14-302(a) of this subtitle; and

(21) other provisions that the Board considers necessary or appropriate to encourage participation by minority business enterprises and to protect the integrity of the procurement process.

28 (c) The regulations adopted under this section shall specify that a unit may not
29 allow a business to participate as if it were a certified minority business enterprise if the
30 business's certification is pending.

31 SECTION 2. AND BE IT FURTHER ENACTED, That the Secretary of General
32 Services, the Secretary of Transportation, the Chancellor of the University System of
33 Maryland, and the President of Morgan State University shall adopt the regulations
34 required under this Act on or before June 1, 2020.

35 SECTION 2. 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
36 October 1, 2019.

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Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.