

SENATE BILL 598

P2, P1

1lr2125
CF HB 790

By: ~~Senator Smith~~ **Senators Smith and Carozza**

Introduced and read first time: January 29, 2021

Assigned to: Education, Health, and Environmental Affairs

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: February 20, 2021

CHAPTER _____

1 AN ACT concerning

2 **Procurement – Office of Small, Minority, and Women Business Affairs – Small**
3 **Business Reserve Program and Veteran–Owned Small Business Enterprise**
4 **Program**

5 FOR the purpose of providing that the Small Business Reserve Program includes certain
6 veteran–owned small business enterprises that meet certain criteria; requiring the
7 Office of Small, Minority, and Women Business Affairs to adopt regulations to
8 establish a certain overall percentage goal of certain procurement contracts to be
9 made with veteran–owned small business enterprises; requiring certain solicitation
10 documents to include certain information; altering the required contents of a certain
11 annual report; creating the Advisory Committee on Veteran–Owned Small Business
12 Enterprises in the Office; providing for the membership, chair, staffing, and duties
13 of the Advisory Committee; altering the duties of the Special Secretary for the Office;
14 altering certain definitions; defining certain terms; and generally relating to the
15 Office of Small, Minority, and Women Business Affairs and procurement
16 preferences.

17 BY repealing and reenacting, with amendments,
18 Article – State Finance and Procurement
19 Section 14–501 and 14–601 through 14–604
20 Annotated Code of Maryland
21 (2015 Replacement Volume and 2020 Supplement)

22 BY adding to
23 Article – State Finance and Procurement

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 14–604.1
2 Annotated Code of Maryland
3 (2015 Replacement Volume and 2020 Supplement)

4 BY repealing and reenacting, without amendments,
5 Article – State Government
6 Section 9–301(a) and (e)
7 Annotated Code of Maryland
8 (2014 Replacement Volume and 2020 Supplement)

9 BY repealing and reenacting, with amendments,
10 Article – State Government
11 Section 9–304
12 Annotated Code of Maryland
13 (2014 Replacement Volume and 2020 Supplement)

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

16 **Article – State Finance and Procurement**

17 14–501.

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

19 (b) “Small business” means:

20 (1) a certified minority business enterprise, as defined in § 14–301 of this
21 title, that meets the criteria specified under item **[(2)] (3)** of this subsection;

22 **(2) A VETERAN-OWNED SMALL BUSINESS ENTERPRISE, AS DEFINED**
23 **IN § 14–601 OF THIS TITLE, THAT MEETS THE CRITERIA SPECIFIED UNDER ITEM (3)**
24 **OF THIS SUBSECTION; or**

25 **[(2)] (3)** a business, other than a broker, that meets the following criteria:

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

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

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

29 (iv) 1. A. the wholesale operations of the business did not
30 employ more than 50 persons in its most recently completed 3 fiscal years;

31 B. the retail operations of the business did not employ more
32 than 25 persons in its most recently completed 3 fiscal years;

1 C. the manufacturing operations of the business did not
2 employ more than 100 persons in its most recently completed 3 fiscal years;

3 D. the service operations of the business did not employ more
4 than 100 persons in its most recently completed 3 fiscal years;

5 E. the construction operations of the business did not employ
6 more than 50 persons in its most recently completed 3 fiscal years; and

7 F. the architectural and engineering services of the business
8 did not employ more than 100 persons in its most recently completed 3 fiscal years; or

9 2. A. the gross sales of the wholesale operations of the
10 business did not exceed an average of \$4,000,000 in its most recently completed 3 fiscal
11 years;

12 B. the gross sales of the retail operations of the business did
13 not exceed an average of \$3,000,000 in its most recently completed 3 fiscal years;

14 C. the gross sales of the manufacturing operations of the
15 business did not exceed an average of \$2,000,000 in its most recently completed 3 fiscal
16 years;

17 D. the gross sales of the service operations of the business did
18 not exceed an average of \$10,000,000 in its most recently completed 3 fiscal years;

19 E. the gross sales of the construction operations of the
20 business did not exceed an average of \$7,000,000 in its most recently completed 3 fiscal
21 years; and

22 F. the gross sales of the architectural and engineering
23 services of the business did not exceed an average of \$4,500,000 in its most recently
24 completed 3 fiscal years.

25 (c) "Small business reserve" means those procurements that are limited to
26 responses from small businesses under § 14-502(b) of this subtitle.

27 14-601.

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

29 (b) "Veteran" means an individual who is verified [by the State Department of
30 Veterans Affairs] as having served on active duty in the armed forces of the United States,
31 other than for training, and was discharged or released under conditions other than
32 dishonorable.

1 (c) "Veteran-owned small business enterprise" means a **FOR-PROFIT** business
2 that:

3 (1) meets the size standards adopted by the United States Small Business
4 Administration in 13 C.F.R. 121.201 and any subsequent revision of that regulation; and

5 (2) is at least 51% owned by one or more individuals who:

6 (i) are veterans; and

7 (ii) control the management and daily operations of the business.

8 14-602.

9 (a) **(1)** A unit shall structure procurement procedures, consistent with the
10 purposes of this subtitle, to try to achieve **OR EXCEED** an overall [minimum of 1%]
11 **PERCENTAGE GOAL** of the unit's total dollar value of procurement contracts to be made
12 directly or indirectly with veteran-owned small business enterprises.

13 **(2) THE OFFICE OF SMALL, MINORITY, AND WOMEN BUSINESS**
14 **AFFAIRS SHALL ADOPT REGULATIONS THAT ESTABLISH THE OVERALL PERCENTAGE**
15 **GOAL.**

16 (b) Solicitation documents shall [establish the expected degree] **STATE THE**
17 **EXPECTED PERCENTAGE** of veteran-owned small business enterprise participation
18 based, in part, on:

19 (1) the potential [subcontract] **CONTRACTING** opportunities available in
20 the procurement contract, **INCLUDING BOTH PRIME CONTRACTING AND**
21 **SUBCONTRACTING OPPORTUNITIES, AS DETERMINED THROUGH ANALYSIS OF THE**
22 **SCOPE OF THE WORK PRESENTED IN THE SOLICITATION DOCUMENTS;** and

23 (2) the availability of veteran-owned small business enterprises to respond
24 competitively to the potential [subcontract] **CONTRACTING** opportunities.

25 (c) The provisions of this subtitle do not apply to a unit's procurement procedures
26 to the extent that any unit determines that those provisions are in conflict with an
27 applicable federal program.

28 14-603.

29 (a) For procurements conducted by competitive sealed bidding, a unit shall award
30 the contract to the responsible bidder that submits the responsive bid that:

31 (1) (i) has the lowest bid price;

1 (ii) has the lowest evaluated bid price; or

2 (iii) for procurements subject to § 11–202(3) of this article, is the bid
3 most favorable to the State; and

4 (2) meets or makes a good faith effort to meet any applicable **OVERALL**
5 **PERCENTAGE** goal established under this subtitle.

6 (b) For procurements conducted by competitive sealed proposals, a unit shall
7 award the contract to the responsible offeror:

8 (1) proposing the most advantageous offer; and

9 (2) that meets or makes a good faith effort to meet any applicable
10 **OVERALL PERCENTAGE** goal established under this subtitle.

11 14–604.

12 The Governor’s Office of Small, Minority, and Women Business Affairs shall:

13 (1) adopt regulations to implement this subtitle;

14 (2) establish procedures for tracking and reporting participation of
15 veteran–owned small business enterprises under this subtitle; and

16 (3) on or before December 1 of each year, report to the Legislative Policy
17 Committee on:

18 (i) the number and [amount] **DOLLAR VALUE** of contracts awarded
19 to veteran–owned small business enterprises under this subtitle, **INCLUDING THE TOTAL**
20 **DOLLAR VALUE OF PAYMENTS MADE TO VETERAN–OWNED SMALL BUSINESS**
21 **ENTERPRISES UNDER EXISTING CONTRACTS**; and

22 (ii) **AN EVALUATION OF** the effectiveness of the program under this
23 subtitle.

24 **14–604.1.**

25 (A) (1) **IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS**
26 **INDICATED.**

27 (2) **“ADVISORY COMMITTEE” MEANS THE ADVISORY COMMITTEE ON**
28 **VETERAN–OWNED SMALL BUSINESS ENTERPRISES.**

29 (3) **“OFFICE” MEANS THE OFFICE OF SMALL, MINORITY, AND**
30 **WOMEN BUSINESS AFFAIRS.**

1 9–301.

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

3 (e) “Special Secretary” means the Special Secretary for the Office of Small,
4 Minority, and Women Business Affairs.

5 9–304.

6 Subject to the limitations of any law that governs the activities of other units of the
7 Executive Branch of the State government, the Special Secretary shall:

8 (1) advise the Governor on:

9 (i) the activities of the State government that are intended to
10 promote:

11 1. the employment of minority persons in the State; and

12 2. **STATE CONTRACTING OPPORTUNITIES AVAILABLE TO**
13 **AND THE ACCESSIBILITY OF THOSE CONTRACTING OPPORTUNITIES TO COMPANIES**
14 **OWNED BY MINORITY PERSONS, SMALL BUSINESSES, AND VETERAN–OWNED SMALL**
15 **BUSINESSES; AND**

16 (ii) each other matter that affects the rights and interests of minority
17 persons, **SMALL BUSINESSES, AND VETERAN–OWNED SMALL BUSINESSES** and the
18 communities in which they live, **WORK, AND PROVIDE EMPLOYMENT OPPORTUNITIES**
19 **TO OTHERS; and**

20 (2) as authorized by the Governor:

21 (i) provide help to minority persons, **SMALL BUSINESSES, AND**
22 **VETERAN–OWNED SMALL BUSINESSES** and the communities in which they live, **WORK,**
23 **AND EMPLOY OTHERS;**

24 (ii) represent the Governor in any matter that relates to minority
25 persons, **SMALL BUSINESSES, AND VETERAN–OWNED SMALL BUSINESSES** or generally
26 to the promotion of equality among the people of the State; and

27 (iii) perform any other responsibility that the Governor assigns.

28 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
29 October 1, 2021.