

# HOUSE BILL 1578

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By: **Chair, Government, Labor, and Elections Committee (By Request –  
Departmental – Maryland Department of Social and Economic Mobility)**

Introduced and read first time: February 13, 2026

Assigned to: Government, Labor, and Elections

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## A BILL ENTITLED

1 AN ACT concerning

2 **State Procurement – Procurement Preferences – Reauthorization and Revisions**

3 FOR the purpose of altering the termination date for certain provisions of law governing  
4 the Minority Business Enterprise Program and its application to cannabis licensing,  
5 public–private partnerships, offshore wind projects, video lottery terminals, and  
6 sports wagering licensees; altering the date by which certain reports, studies, and  
7 guidelines must be submitted; altering certain reporting requirements and  
8 timelines; requiring the Office of Small, Minority, and Women Business Affairs to  
9 establish a certification review process; altering the membership of the Governor’s  
10 Subcabinet on Socioeconomic Procurement Participation; and generally relating to  
11 State procurement preferences.

12 BY repealing

13 Article – State Finance and Procurement  
14 Section 14–301.1  
15 Annotated Code of Maryland  
16 (2021 Replacement Volume and 2025 Supplement)

17 BY repealing and reenacting, with amendments,

18 Article – Alcoholic Beverages and Cannabis  
19 Section 36–404(i)  
20 Annotated Code of Maryland  
21 (2024 Replacement Volume and 2025 Supplement)

22 BY repealing and reenacting, with amendments,

23 Article – Public Utilities  
24 Section 7–704.1(j)  
25 Annotated Code of Maryland  
26 (2025 Replacement Volume and 2025 Supplement)

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



- 1 BY repealing and reenacting, with amendments,  
2 Article – State Finance and Procurement  
3 Section 10A–404, 14–302(a)(10)(iv)2.B. and (v) and (12), 14–303(b)(13) and (20),  
4 14–305(a)(1), (2)(vi), and (4), (b)(1) and (4), and (c), 14–308(c), 14–309,  
5 14–501(d), 14–502.1(c), 14–503, 14–504.1(a), 14–505, and 14–604  
6 Annotated Code of Maryland  
7 (2021 Replacement Volume and 2025 Supplement)
- 8 BY adding to  
9 Article – State Finance and Procurement  
10 Section 14–301.1 and 14–305(c)  
11 Annotated Code of Maryland  
12 (2021 Replacement Volume and 2025 Supplement)
- 13 BY repealing and reenacting, without amendments,  
14 Article – State Finance and Procurement  
15 Section 14–501(a)  
16 Annotated Code of Maryland  
17 (2021 Replacement Volume and 2025 Supplement)
- 18 BY repealing and reenacting, with amendments,  
19 Article – State Government  
20 Section 9–1A–10(a)(1)(i)1., (b), and (c), 9–1E–07(b), and 9–4114  
21 Annotated Code of Maryland  
22 (2021 Replacement Volume and 2025 Supplement)
- 23 BY repealing and reenacting, with amendments,  
24 Chapter 553 of the Acts of the General Assembly of 2020, as amended by Chapters  
25 137 and 138 of the Acts of the General Assembly of 2023 and Chapters 620  
26 and 621 of the Acts of the General Assembly of 2025  
27 Section 4 and 5
- 28 BY repealing and reenacting, with amendments,  
29 Chapter 728 of the Acts of the General Assembly of 2021, as amended by Chapters  
30 137 and 138 of the Acts of the General Assembly of 2023 and Chapters 620  
31 and 621 of the Acts of the General Assembly of 2025  
32 Section 2 and 3
- 33 BY repealing and reenacting, with amendments,  
34 Chapter 154 of the Acts of the General Assembly of 2012, as amended by Chapters  
35 200 and 201 of the Acts of the General Assembly of 2013, Chapter 340 of the  
36 Acts of the General Assembly of 2017, Chapter 117 of the Acts of the General  
37 Assembly of 2022, Chapters 137 and 138 of the Acts of the General Assembly  
38 of 2023, and Chapters 620 and 621 of the Acts of the General Assembly of 2025  
39 Section 2
- 40 BY repealing and reenacting, with amendments,

1 Chapter 641 of the Acts of the General Assembly of 2022, as amended by Chapters  
2 137 and 138 of the Acts of the General Assembly of 2023 and Chapters 620  
3 and 621 of the Acts of the General Assembly of 2025  
4 Section 2(b) and (d)

5 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
6 That Section(s) 14–301.1 of Article – State Finance and Procurement of the Annotated Code  
7 of Maryland be repealed.

8 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read  
9 as follows:

10 **Article – Alcoholic Beverages and Cannabis**

11 36–404.

12 (i) **(1) THE FINDINGS AND EVIDENCE RELIED ON BY THE GENERAL**  
13 **ASSEMBLY FOR THE CONTINUATION OF THE MINORITY BUSINESS ENTERPRISE**  
14 **PROGRAM UNDER TITLE 14, SUBTITLE 3 OF THE STATE FINANCE AND**  
15 **PROCUREMENT ARTICLE ARE INCORPORATED IN THIS SUBSECTION.**

16 **[(1)] (2)** To the extent practicable and authorized by the U.S.  
17 Constitution, a cannabis licensee shall comply with the State’s Minority Business  
18 Enterprise Program.

19 **[(2)] (3)** The Administration, in consultation with the certification agency  
20 designated by the Board of Public Works under § 14–303(b) of the State Finance and  
21 Procurement Article, the **[Governor’s]** Office of Small, Minority, and Women Business  
22 Affairs, the General Assembly, and the Office of the Attorney General, shall review the  
23 disparity study required by Chapter 26 of the Acts of 2022, **AND ANY FUTURE DISPARITY**  
24 **STUDIES OR RELATED ANALYSES**, to evaluate whether application of the State’s Minority  
25 Business Enterprise Program to cannabis licenses would comply with the City of Richmond  
26 v. J.A. Croson Co., 488 U.S. 469, and any subsequent federal or constitutional  
27 requirements.

28 **[(3)] (4)** On or before 6 months after the issuance of a cannabis license  
29 under § 36–401 of this subtitle, the **[Governor’s]** Office of Small, Minority, and Women  
30 Business Affairs, in consultation with the Office of the Attorney General and the Office of  
31 Social Equity within the Administration and the cannabis licensee, shall establish a clear  
32 plan for setting reasonable and appropriate minority business enterprise participation  
33 goals and procedures for the procurement of goods and services related to cannabis,  
34 including the cultivation, manufacturing, and dispensing of cannabis.

35 **[(4)] (5)** To the extent practicable, the goals and procedures specified in  
36 paragraph **[(3)] (4)** of this subsection shall be based on the requirements of Title 14,  
37 Subtitle 3 of the State Finance and Procurement Article and the regulations implementing

1 that subtitle.

2 **(6) ON AND AFTER JULY 1, 2031, THE PROVISIONS OF THIS**  
3 **SUBSECTION AND ANY REGULATIONS ADOPTED IN ACCORDANCE WITH THIS**  
4 **SUBSECTION SHALL BE OF NO EFFECT AND MAY NOT BE ENFORCED.**

5 **Article – Public Utilities**

6 7–704.1.

7 (j) (1) The findings and evidence relied on by the General Assembly for the  
8 continuation of the Minority Business Enterprise Program under Title 14, Subtitle 3 of the  
9 State Finance and Procurement Article are incorporated in this subsection.

10 (2) To the extent practicable and authorized by the United States  
11 Constitution, approved applicants for a proposed offshore wind project shall comply with  
12 the State’s Minority Business Enterprise Program.

13 (3) (i) On or before 6 months after the issuance of an order approving  
14 an OREC application, the [Governor’s] Office of Small, Minority, and Women Business  
15 Affairs, in consultation with the Office of the Attorney General and an approved applicant,  
16 shall establish a clear plan for setting reasonable and appropriate minority business  
17 enterprise participation goals and procedures for each phase of the qualified offshore wind  
18 project.

19 (ii) To the extent practicable, the goals and procedures specified in  
20 subparagraph (i) of this paragraph shall be based on the requirements of Title 14, Subtitle  
21 3 of the State Finance and Procurement Article and the regulations implementing that  
22 subtitle.

23 (iii) Every 6 months following the issuance of an order approving an  
24 OREC application, an approved applicant shall submit a report on its progress establishing  
25 and implementing minority business enterprise goals and procedures to the Commission.

26 (4) On and after July 1, [2026] **2031**, the provisions of this subsection and  
27 any regulations adopted in accordance with this subsection shall be of no effect and may  
28 not be enforced.

29 **Article – State Finance and Procurement**

30 10A–404.

31 (a) The findings and evidence relied on by the General Assembly for the  
32 continuation of the Minority Business Enterprise Program under Title 14, Subtitle 3 of this  
33 article are hereby incorporated.

1 (b) To the extent practicable and permitted by the United States Constitution,  
2 the provisions of the Minority Business Enterprise Program under Title 14, Subtitle 3 of  
3 this article shall apply to public-private partnerships established under this title.

4 (c) (1) The Board of Public Works may not approve a public-private  
5 partnership agreement under § 10A-203 of this title until the reporting agency, in  
6 consultation with the [Governor's] Office of Small, Minority, and Women Business Affairs,  
7 the Office of the Attorney General, and the private entity, if permissible, establishes  
8 reasonable and appropriate minority business enterprise participation goals and  
9 procedures for the project.

10 (2) To the extent practicable, goals and procedures established under  
11 paragraph (1) of this subsection shall be based on the requirements of Title 14, Subtitle 3  
12 of this article, including the implementation of regulations adopted under §§ 14-302 and  
13 14-303 of this article.

14 **(D) ON AND AFTER JULY 1, 2031, THE PROVISIONS OF THIS SECTION AND**  
15 **ANY REGULATIONS ADOPTED IN ACCORDANCE WITH THIS SECTION SHALL BE OF NO**  
16 **EFFECT AND MAY NOT BE ENFORCED.**

17 **14-301.1.**

18 **THE GENERAL ASSEMBLY FINDS THE FOLLOWING:**

19 **(1) THE STATE OF MARYLAND SEEKS TO ENSURE THAT ALL CITIZENS**  
20 **OF THE STATE HAVE EQUAL ACCESS TO BUSINESS FORMATION AND BUSINESS**  
21 **GROWTH OPPORTUNITIES;**

22 **(2) THE ELIMINATION OF DISCRIMINATION AGAINST MINORITY- AND**  
23 **WOMEN-OWNED BUSINESSES IS OF PARAMOUNT IMPORTANCE TO THE FUTURE**  
24 **WELFARE OF ALL MARYLANDERS AND THE STATE;**

25 **(3) THE GENERAL ASSEMBLY HAS ACCEPTED AND CAREFULLY**  
26 **REVIEWED THE DISPARITY STUDY ENTITLED "STATE OF MARYLAND 2025 MINORITY**  
27 **BUSINESS ENTERPRISE DISPARITY STUDY" (THE STUDY) AND FINDS THAT THE**  
28 **STUDY PROVIDES A STRONG BASIS IN EVIDENCE DEMONSTRATING PERSISTENT**  
29 **INTENTIONAL DISCRIMINATION AGAINST MINORITY- AND WOMEN-OWNED**  
30 **BUSINESSES;**

31 **(4) BASED ON THE REVIEW BY THE GENERAL ASSEMBLY OF THE**  
32 **STUDY, THE GENERAL ASSEMBLY FINDS THAT:**

33 **(I) BASED ON RIGOROUS ECONOMETRICS ANALYSES THAT**  
34 **CONTROL FOR KEY FACTORS, THERE ARE SUBSTANTIAL AND STATISTICALLY**  
35 **SIGNIFICANT ADVERSE DISPARITIES THAT ARE CONSISTENT WITH DISCRIMINATION**

1 AGAINST MINORITIES AND NONMINORITY WOMEN IN WAGES, FIRM FORMATION,  
2 ENTREPRENEURIAL EARNINGS, AND ACCESS TO CAPITAL IN THE PRIVATE SECTOR  
3 IN THE SAME GEOGRAPHIC MARKETS AND INDUSTRY CATEGORIES IN WHICH THE  
4 STATE DOES BUSINESS;

5 (II) A THOROUGH EXAMINATION OF THE LITERATURE REVEALS  
6 SEVERE AND PERSISTENT INTENTIONAL DISPARITIES AND DISCRIMINATION IN  
7 ACCESS TO PRIVATE BUSINESS CAPITAL MARKETS THAT IN SOME CASES HAVE BEEN  
8 CAUSED BY GOVERNMENT POLICIES;

9 (III) THE STATE WOULD BECOME A PASSIVE PARTICIPANT IN  
10 PRIVATE SECTOR RACIAL AND GENDER DISCRIMINATION IF IT CEASED OR  
11 CURTAILED REMEDIAL EFFORTS OF THE STATE, INCLUDING THE OPERATION OF  
12 THE MINORITY BUSINESS ENTERPRISE PROGRAM;

13 (IV) THERE ARE SUBSTANTIAL, ADVERSE, AND STATISTICALLY  
14 SIGNIFICANT DISPARITIES THAT ARE CONSISTENT WITH DISCRIMINATION AGAINST  
15 MINORITIES AND NONMINORITY WOMEN IN STATE PROCUREMENT;

16 (V) THESE SUBSTANTIAL, ADVERSE, AND STATISTICALLY  
17 SIGNIFICANT DISPARITIES ARE CONSISTENT WITH DISCRIMINATION AGAINST ALL  
18 INDIVIDUAL MINORITY GROUPS AND FOR NONMINORITY WOMEN IN MOST MAJOR  
19 INDUSTRY CATEGORIES IN STATE PROCUREMENT;

20 (VI) THERE IS SIGNIFICANT EVIDENCE THAT DISCRIMINATION IN  
21 THE PRIVATE SECTOR HAS DEPRESSED FIRM FORMATION AND FIRM GROWTH  
22 AMONG MINORITY AND NONMINORITY WOMEN ENTREPRENEURS, DECREASING THE  
23 AVAILABILITY OF MINORITIES AND NONMINORITY WOMEN FOR PUBLIC AND  
24 PRIVATE CONTRACTING; AND

25 (VII) THERE IS POWERFUL AND PERSUASIVE EVIDENCE, BOTH  
26 STATISTICAL AND QUALITATIVE, OF INTENTIONAL DISCRIMINATION, INCLUDING  
27 DISCRIMINATION BY GOVERNMENT ACTORS, AGAINST MINORITY AND NONMINORITY  
28 WOMEN BUSINESS OWNERS IN BOTH THE PUBLIC AND PRIVATE SECTORS;

29 (5) AS A RESULT OF ONGOING DISCRIMINATION AND THE  
30 PRESENT-DAY EFFECTS OF PAST DISCRIMINATION, MINORITY- AND WOMEN-OWNED  
31 BUSINESSES COMBINED CONTINUE TO BE SIGNIFICANTLY UNDERUTILIZED  
32 RELATIVE TO THE AVAILABILITY OF MINORITIES AND NONMINORITY WOMEN TO  
33 PERFORM WORK IN THE OVERWHELMING MAJORITY OF THE PROCUREMENT  
34 CATEGORIES IN WHICH THE STATE DOES BUSINESS;

1           **(6) MINORITY PRIME CONTRACTORS ALSO ARE SUBJECT TO**  
2 **DISCRIMINATION AND CONFRONT ESPECIALLY DAUNTING BARRIERS IN**  
3 **ATTEMPTING TO COMPETE WITH VERY LARGE AND LONG-ESTABLISHED**  
4 **NONMINORITY COMPANIES;**

5           **(7) DESPITE THE FACT THAT THE STATE HAS EMPLOYED, AND**  
6 **CONTINUES TO EMPLOY, NUMEROUS AND ROBUST RACE-NEUTRAL REMEDIES,**  
7 **INCLUDING AGGRESSIVE OUTREACH AND ADVERTISING, TRAINING AND EDUCATION,**  
8 **SMALL BUSINESS PROGRAMS, EFFORTS TO IMPROVE ACCESS TO CAPITAL, AND**  
9 **OTHER EFFORTS, THERE IS A STRONG BASIS IN EVIDENCE THAT DISCRIMINATION**  
10 **PERSISTS EVEN IN PUBLIC SECTOR PROCUREMENT IN WHICH THESE EFFORTS HAVE**  
11 **BEEN EMPLOYED;**

12           **(8) NOTWITHSTANDING THE LEVELS OF PARTICIPATION ACHIEVED**  
13 **WHEN RACE-CONSCIOUS MEASURES ARE USED, THERE IS CONCERN THAT, IN THE**  
14 **ABSENCE OF MINORITY BUSINESS ENTERPRISE PARTICIPATION GOALS FOR STATE**  
15 **PROCUREMENT, THERE WOULD BE A SUBSTANTIAL DECREASE IN THE OVERALL**  
16 **UTILIZATION OF MINORITY- AND WOMEN-OWNED BUSINESSES;**

17           **(9) THIS SUBTITLE ENSURES THAT RACE-NEUTRAL EFFORTS WILL BE**  
18 **USED TO THE MAXIMUM EXTENT FEASIBLE AND THAT RACE-CONSCIOUS MEASURES**  
19 **WILL BE USED ONLY WHERE NECESSARY TO ELIMINATE DISCRIMINATION THAT WAS**  
20 **NOT ALLEVIATED BY RACE-NEUTRAL EFFORTS;**

21           **(10) THIS SUBTITLE CONTINUES AND ENHANCES EFFORTS TO ENSURE**  
22 **THAT THE STATE LIMITS THE BURDEN ON NONMINORITY, MALE-OWNED**  
23 **BUSINESSES AS MUCH AS POSSIBLE BY ENSURING THAT ALL GOALS ARE DEVELOPED**  
24 **USING THE BEST AVAILABLE DATA, WAIVERS ARE AVAILABLE WHENEVER**  
25 **CONTRACTORS MAKE GOOD FAITH EFFORTS, AND THAT NONMINORITY MEN MAY**  
26 **QUALIFY FOR CERTIFICATION IF NONMINORITY MEN ARE SOCIALLY AND**  
27 **ECONOMICALLY DISADVANTAGED;**

28           **(11) THIS SUBTITLE ENSURES THAT THE OPERATION OF THE**  
29 **MINORITY BUSINESS ENTERPRISE PROGRAM IS CONSISTENT WITH THE STUDY**  
30 **DATA AND NARROWLY TAILORED TO THE COMPELLING INTERESTS OF THE STATE;**  
31 **AND**

32           **(12) STATE EFFORTS TO SUPPORT THE DEVELOPMENT OF**  
33 **COMPETITIVELY VIABLE MINORITY- AND WOMEN-OWNED BUSINESS ENTERPRISES**  
34 **WILL HELP REDUCE DISCRIMINATION, CREATE JOBS FOR ALL CITIZENS OF**  
35 **MARYLAND, HELP GROW THE MARYLAND ECONOMY, AND FOSTER COMPETITION**  
36 **THAT WILL REDUCE THE COST OF GOODS AND SERVICES PROCURED BY THE STATE.**

1 14-302.

2 (a) (10) (iv) 2. The head of the unit shall:

3 B. forward one copy of the waiver determination to the  
4 [Governor's] Office of Small, Minority, and Women Business Affairs.

5 (v) On or before July 31 of each year, each unit shall submit directly  
6 to the Board of Public Works and the [Governor's] Office of Small, Minority, and Women  
7 Business Affairs an annual report of waivers requested and waivers granted under this  
8 paragraph.

9 (12) (i) This paragraph applies after execution of a contract with an  
10 expected degree of minority business enterprise participation.

11 (ii) The minority business enterprise participation schedule,  
12 including any amendment, shall be attached to and made a part of the executed contract.

13 (iii) 1. A. Except as provided in subsubsubparagraph B of this  
14 subsubparagraph, for purposes of this subparagraph, good cause for removal of a certified  
15 minority business enterprise after contract execution includes documented  
16 nonperformance by the minority business enterprise or election by the certified minority  
17 business enterprise to cease work on the contract.

18 B. Failure of a certified minority business enterprise to  
19 provide a bond requested by a contractor in violation of § 13-227 of this article may not be  
20 considered nonperformance by the minority business enterprise.

21 2. A contractor may not terminate or otherwise cancel the  
22 contract of a certified minority business enterprise subcontractor listed in the minority  
23 business enterprise participation schedule without showing good cause and obtaining the  
24 prior written consent of the minority business enterprise liaison and approval of the head  
25 of the unit.

26 3. The unit shall send a copy of the written consent obtained  
27 under subsubparagraph 2 of this subparagraph to the [Governor's] Office of Small,  
28 Minority, and Women Business Affairs.

29 (iv) A minority business enterprise participation schedule may be  
30 amended to modify minority business enterprise participation after the date of contract  
31 execution only if:

32 1. it is in the best interest of the State;

33 2. it is approved by the head of the unit; and

34 3. the contract is amended.

1 14–303.

2 (b) These regulations shall include:

3 (13) provisions requiring a submission to the unit by minority business  
4 enterprises acknowledging all payments received or any other information requested based  
5 on criteria established by the [Governor’s] Office of Small, Minority, and Women Business  
6 Affairs under a contract governed by this subtitle;

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

10 14–305.

11 (a) (1) Within [90] **60** days after the end of the fiscal year, each unit shall  
12 report to the [Governor’s] Office of Small, Minority, and Women Business Affairs and the  
13 certification agency.

14 (2) A report under this subsection shall for the preceding fiscal year:

15 (vi) contain other such information as required by the [Governor’s]  
16 Office of Small, Minority, and Women Business Affairs and the certification agency and  
17 approved by the Board.

18 (4) A report under this subsection shall be in a form prescribed by the  
19 [Governor’s] Office of Small, Minority, and Women Business Affairs and the certification  
20 agency and approved by the Board.

21 (b) (1) On or before [December 31 of] **THE 15TH DAY OF A REGULAR**  
22 **LEGISLATIVE SESSION** each year, the [Governor’s] Office of Small, Minority, and Women  
23 Business Affairs shall submit to the Board of Public Works and, subject to § 2–1257 of the  
24 State Government Article, to the Legislative Policy Committee and the Joint Committee on  
25 Fair Practices and State Personnel Oversight a report summarizing the information the  
26 Office receives under subsection (a) of this section.

27 (4) (i) [Beginning with the report submitted under paragraph (1) of this  
28 subsection on December 31, 2023, and each year thereafter, the Governor’s] **THE** Office of  
29 Small, Minority, and Women Business Affairs shall include in the report **SUBMITTED**  
30 **UNDER PARAGRAPH (1) OF THIS SUBSECTION** an attestation that all units required to  
31 report under subsection (a) of this section are represented in the report.

32 (ii) To ensure accuracy of the attestation made under subparagraph  
33 (i) of this paragraph, on or before December 31, 2023, and every 3 years thereafter, the  
34 [Governor’s] Office of Small, Minority, and Women Business Affairs shall conduct an audit

1 of the Executive Branch of State government to determine what entities are included in the  
2 definition of “unit” under § 11–101 of this article.

3 **(C) (1) EXCEPT FOR THE QUARTER IN WHICH A UNIT IS SUBMITTING AN**  
4 **ANNUAL REPORT UNDER THIS SECTION, EACH UNIT SHALL REPORT QUARTERLY TO**  
5 **THE OFFICE OF SMALL, MINORITY, AND WOMEN BUSINESS AFFAIRS:**

6 **(I) MINORITY BUSINESS ENTERPRISE PARTICIPATION DATA**  
7 **UNDER SUBSECTION (A)(2)(I) OF THIS SECTION;**

8 **(II) MINORITY BUSINESS ENTERPRISE PROGRAM COMPLIANCE**  
9 **ASSESSMENTS UNDER SUBSECTION (A)(2)(V) OF THIS SECTION; AND**

10 **(III) ANY OTHER INFORMATION REQUESTED BASED ON CRITERIA**  
11 **ESTABLISHED BY THE OFFICE OF SMALL, MINORITY, AND WOMEN BUSINESS**  
12 **AFFAIRS UNDER A CONTRACT GOVERNED BY THIS SUBTITLE.**

13 **(2) THE REPORT REQUIRED UNDER THIS SUBSECTION MAY BE**  
14 **PREPARED IN CONJUNCTION WITH THE ANNUAL REPORT REQUIRED UNDER §**  
15 **9–4120 OF THE STATE GOVERNMENT ARTICLE.**

16 **[(c)] (D) (1)** In this subsection, “mitigating factors” includes documented  
17 nonperformance or unavailability of a minority business enterprise designated for a  
18 contract.

19 (2) The [Governor’s] Office of Small, Minority, and Women Business  
20 Affairs and the Office of State Procurement in the Department of General Services, in  
21 consultation with the Office of the Attorney General and the Board of Public Works, shall  
22 adopt by regulation criteria used to determine that a prime contractor has persistently  
23 failed to meet contract goals in the absence of mitigating factors.

24 (3) The criteria adopted under paragraph (2) of this subsection shall  
25 include the results of the compliance assessments made under subsection (a)(2)(v) of this  
26 section.

27 (4) The [Governor’s] Office of Small, Minority, and Women Business  
28 Affairs shall refer prime contractors identified under the criteria adopted under paragraph  
29 (2) of this subsection to the Office of the Attorney General for debarment under §  
30 16–203(d)(4) of this article.

31 14–308.

32 (c) The [Governor’s] Office of Small, Minority, and Women Business Affairs shall  
33 make available a fraud hotline for reporting violations of this section.

1 14-309.

2 The provisions of §§ 14-301 through 14-305 of this subtitle, and any regulations  
3 adopted under those sections, shall be of no effect and may not be enforced after July 1,  
4 [2026] 2031.

5 14-501.

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

7 (d) “Small business” means:

8 (1) a certified minority business enterprise, as defined in § 14-301 of this  
9 title, that meets the criteria specified under item (3) of this subsection;

10 (2) a veteran-owned small business enterprise, as defined in § 14-601 of  
11 this title, that meets the criteria specified under item (3) of this subsection; [or]

12 (3) a business, other than a broker, that meets the following criteria:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

11 F. the gross sales of the architectural and engineering  
12 services of the business did not exceed an average of \$4,500,000 in its most recently  
13 completed 3 fiscal years; OR

14 **(4) A JOINT VENTURE OF TWO OR MORE PERSONS ASSOCIATED TO**  
15 **CARRY OUT A SINGLE BUSINESS ACTIVITY FOR A LIMITED PURPOSE OR TIME THAT**  
16 **MEETS THE CRITERIA SPECIFIED UNDER ITEM (3) OF THIS SUBSECTION.**

17 14-502.1.

18 (c) (1) A procurement may be exempt from designation under subsection (b) of  
19 this section if the [Governor's] Office of Small, Minority, and Women Business Affairs  
20 certifies, concurrently with review of any waiver determinations for certified minority  
21 business enterprise participation contract goals, that it is not practicable to do so.

22 (2) The Office of State Procurement in the Department of General Services  
23 shall assist the [Governor's] Office of Small, Minority, and Women Business Affairs in  
24 establishing procedures and guidelines for the exemption of procurements under paragraph  
25 (1) of this subsection.

26 14-503.

27 (a) (1) The [Governor's] Office of Small, Minority, and Women Business  
28 Affairs shall adopt regulations to establish procedures for compiling and maintaining a  
29 comprehensive bidder's list of qualified small businesses that shall be posted on the  
30 Internet.

31 **(2) THE OFFICE OF SMALL, MINORITY, AND WOMEN BUSINESS**  
32 **AFFAIRS SHALL ADOPT REGULATIONS TO ESTABLISH A CERTIFICATION REVIEW**  
33 **PROCESS.**

1 (b) The [Governor's] Office of Small, Minority, and Women Business Affairs shall:

2 (1) establish guidelines for Small Business Reserve Program  
3 administration;

4 (2) ensure agency compliance with the Small Business Reserve Program;

5 (3) provide training and technical assistance to agency personnel; and

6 (4) collect data regarding the State's utilization of small business reserve  
7 vendors.

8 (c) Each unit shall ensure compliance with the regulations set forth in subsection  
9 (a) of this section.

10 14-504.1.

11 (a) The certification agency, in consultation with the [Governor's] Office of Small,  
12 Minority, and Women Business Affairs, shall develop an outreach program to increase the  
13 participation of small businesses that are owned by economically disadvantaged  
14 individuals participating in the Small Business Reserve Program.

15 14-505.

16 (a) Within 60 days after the enactment of the budget bill by the General  
17 Assembly, each unit shall submit a report to the [Governor's] Office of Small, Minority, and  
18 Women Business Affairs that complies with the reporting requirements set forth in  
19 COMAR 21.11.01.06.

20 (b) (1) Within [90] **60** days after the end of each fiscal year, each unit shall  
21 submit a report to the [Governor's] Office of Small, Minority, and Women Business Affairs  
22 that complies with the requirements of paragraph (2) of this subsection.

23 (2) For the preceding fiscal year, the report shall:

24 (i) state the total number and the dollar value of awards the unit  
25 made to small businesses under designated small business reserve contracts;

26 (ii) state the total number and the dollar value of awards the unit  
27 made to small businesses under nondesignated small business reserve contracts, including  
28 purchase card procurements;

29 (iii) state the total dollar value of awards the unit made under  
30 procurement contracts; and

1 (iv) contain other such information as required by the [Governor's]  
2 Office of Small, Minority, and Women Business Affairs.

3 (C) (1) EXCEPT FOR THE QUARTER IN WHICH A UNIT IS SUBMITTING AN  
4 ANNUAL REPORT UNDER THIS SECTION, EACH UNIT SHALL REPORT QUARTERLY TO  
5 THE OFFICE OF SMALL, MINORITY, AND WOMEN BUSINESS AFFAIRS:

6 (I) SMALL BUSINESS RESERVE ANNUAL DESIGNATED AND  
7 NONDESIGNATED ACHIEVEMENT AWARDS UNDER SUBSECTION (B) OF THIS  
8 SECTION; AND

9 (II) ANY OTHER INFORMATION REQUESTED BASED ON CRITERIA  
10 ESTABLISHED BY THE OFFICE OF SMALL, MINORITY, AND WOMEN BUSINESS  
11 AFFAIRS UNDER A DESIGNATED OR UNDESIGNATED CONTRACT AS GOVERNED BY  
12 THIS SUBTITLE.

13 (2) THE REPORT REQUIRED UNDER THIS SUBSECTION MAY BE  
14 PREPARED IN CONJUNCTION WITH THE ANNUAL REPORT REQUIRED UNDER §  
15 9-4120 OF THE STATE GOVERNMENT ARTICLE.

16 [(c)] (D) On or before [December 31] THE 15TH DAY OF A REGULAR  
17 LEGISLATIVE SESSION of each year, the [Governor's] Office of Small, Minority, and  
18 Women Business Affairs shall submit to the Board of Public Works and, subject to § 2-1257  
19 of the State Government Article, to the Legislative Policy Committee a report summarizing  
20 the information the Office receives under subsection (b) of this section.

21 14-604.

22 (A) The [Governor's] Office of Small, Minority, and Women Business Affairs shall:

23 (1) adopt regulations to implement this subtitle;

24 (2) establish procedures for tracking and reporting participation of  
25 veteran-owned small business enterprises under this subtitle; and

26 (3) on or before [December 1] THE 15TH DAY OF A REGULAR  
27 LEGISLATIVE SESSION of each year, report to the Legislative Policy Committee on:

28 (i) the number and dollar value of contracts awarded to  
29 veteran-owned small business enterprises under this subtitle, including the total dollar  
30 value of payments made to veteran-owned small business enterprises under existing  
31 contracts; and

32 (ii) an evaluation of the effectiveness of the program under this  
33 subtitle.

1           **(B) (1) WITHIN 60 DAYS AFTER THE END OF EACH FISCAL YEAR, AND**  
2 **EACH QUARTER THEREAFTER, EACH UNIT SHALL SUBMIT A REPORT TO THE OFFICE**  
3 **OF SMALL, MINORITY, AND WOMEN BUSINESS AFFAIRS ON:**

4                   **(I) THE INFORMATION REQUIRED UNDER SUBSECTION (A)(3)(I)**  
5 **OF THIS SECTION; AND**

6                   **(II) ANY OTHER INFORMATION REQUESTED BY THE OFFICE.**

7           **(2) A REPORT SUBMITTED UNDER THIS SUBSECTION MAY BE**  
8 **PREPARED IN CONJUNCTION WITH THE ANNUAL REPORT REQUIRED UNDER §**  
9 **9-4120 OF THE STATE GOVERNMENT ARTICLE.**

10                                   **Article – State Government**

11 9-1A-10.

12           (a) (1) (i) An applicant or a licensee is subject to:

13                               1.     **THE REQUIREMENT TO PUT FORTH A GOOD FAITH**  
14 **EFFORT TO MEET** the minority business participation goal established for a unit by the  
15 Special Secretary for the Office of Small, Minority, and Women Business Affairs under §  
16 14-302(a)(1)(ii) of the State Finance and Procurement Article; and

17           (b) (1) The Commission shall ensure that a video lottery operation licensee  
18 complies with the requirements of subsection (a)(1) and (2) of this section as a condition of  
19 holding the video lottery operation license.

20           (2) The [Governor's] Office of Small, Minority, and Women Business  
21 Affairs shall monitor a licensee's compliance with subsection (a)(1) and (2) of this section.

22           (3) The [Governor's] Office of Small, Minority, and Women Business  
23 Affairs shall report to the Commission at least every 6 months on the compliance of  
24 licensees with subsection (a)(1) and (2) of this section.

25           (4) If the [Governor's] Office of Small, Minority, and Women Business  
26 Affairs reports that a licensee is not in compliance with subsection (a)(1) and (2) of this  
27 section, the Commission may take immediate action to ensure the compliance of the  
28 licensee.

29           (c) On or after July 1, [2026] **2031**, the provisions of subsections (a)(1) and (2)  
30 and (b) of this section and any regulations adopted under subsections (a)(1) and (2) and (b)  
31 of this section shall be of no effect and may not be enforced.

1 9-1E-07.

2 (b) (1) The findings and evidence relied on by the General Assembly for the  
3 continuation of the Minority Business Enterprise Program under Title 14, Subtitle 3 of the  
4 State Finance and Procurement Article are incorporated in this subsection.

5 (2) To the extent practicable and authorized by the United States  
6 Constitution, a sports wagering licensee shall comply with the State's Minority Business  
7 Enterprise Program.

8 (3) (i) On or before 6 months after the issuance of a sports wagering  
9 license under this subtitle, the [Governor's] Office of Small, Minority, and Women Business  
10 Affairs, in consultation with the Office of the Attorney General and the sports wagering  
11 licensee, shall establish a clear plan for setting reasonable and appropriate minority  
12 business enterprise participation goals and procedures for the procurement of goods and  
13 services related to sports wagering, including procurement of construction, equipment, and  
14 ongoing services.

15 (ii) To the extent practicable, the goals and procedures specified in  
16 subparagraph (i) of this paragraph shall be based on the requirements of Title 14, Subtitle  
17 3 of the State Finance and Procurement Article and the regulations implementing that  
18 subtitle.

19 (4) On or after July 1, [2026] **2031**, the provisions of this subsection and  
20 any regulations adopted under this subsection shall be of no effect and may not be enforced.

21 9-4114.

22 (a) There is a Governor's Subcabinet on Socioeconomic Procurement  
23 Participation.

24 (b) The Governor's Subcabinet is composed of:

25 (1) the [Special] Secretary of [the Governor's Office of Small, Minority, and  
26 Women Business Affairs] **SOCIAL AND ECONOMIC MOBILITY**, who shall serve as chair  
27 of the Subcabinet;

28 (2) the Secretary of Budget and Management, or the Secretary's designee;

29 (3) the Secretary of Commerce, or the Secretary's designee;

30 (4) the Secretary of General Services, or the Secretary's designee;

31 (5) the Secretary of Health, or the Secretary's designee;

32 (6) the Secretary of Housing and Community Development, or the  
33 Secretary's designee;

1 (7) the Secretary of Human Services, or the Secretary's designee;

2 (8) the Secretary of Information Technology, or the Secretary's designee;

3 **(9) THE SECRETARY OF LABOR, OR THE SECRETARY'S DESIGNEE;**

4 **[(9)] (10)** the Secretary of Public Safety and Correctional Services, or the  
5 Secretary's designee;

6 **[(10)] (11)** the Secretary of Transportation, or the Secretary's designee;

7 **[(11)] (12)** the Secretary of Veterans and Military Families, or the  
8 Secretary's Designee;

9 **[(12)] (13)** the Chief Procurement Officer for the State, or the Chief  
10 Procurement Officer's designee;

11 **[(13)] (14)** the Minority Business Enterprise Ombudsman, or the  
12 Ombudsman's designee; and

13 **[(14)] (15)** any other head of a department or agency that is accountable to  
14 the Governor, as deemed necessary by the Governor.

15 (c) The Governor's Subcabinet shall:

16 (1) meet:

17 (i) a minimum of once each quarter; and

18 (ii) at a frequency deemed appropriate by the chair;

19 (2) study socioeconomic procurement programs in other states to identify  
20 successes and best practices;

21 (3) develop accountability measures for procurement forecasts, strategic  
22 plans, Procurement Review Group processes, and liaison officer accountability;

23 (4) work with the Office of State Procurement to implement process  
24 improvements that directly impact socioeconomic procurement businesses' ability to fairly  
25 compete for and understand State contracting opportunities;

26 (5) identify and recommend statutory and regulatory reforms to  
27 strengthen and improve the State's socioeconomic procurement programs; and

1 (6) recommend actions to make improvements to the Small Business  
2 Reserve Program, the Minority Business Enterprise Program, and the Veteran Small  
3 Business Enterprise Program.

4 (d) On or before December 31, 2025, and each December 1 thereafter, the  
5 Governor's Subcabinet shall report to the Governor on the Governor's Subcabinet's  
6 activities, progress, and recommendations.

7 **Chapter 553 of the Acts of 2020, as amended by Chapters 137 and 138 of the Acts**  
8 **of 2023 and Chapters 620 and 621 of the Acts of 2025**

9 SECTION 4. AND BE IT FURTHER ENACTED, That the certification agency  
10 designated by the Board of Public Works under § 14–303(b) of the State Finance and  
11 Procurement Article to certify and decertify minority business enterprises, in consultation  
12 with the Office of the Attorney General and the [Governor's] Office of Small, Minority, and  
13 Women Business Affairs, shall initiate an analysis of the Minority Business Enterprise  
14 Program requirements of § 10A–404 of the State Finance and Procurement Article and the  
15 disparity study submitted in accordance with this Act to evaluate compliance with the  
16 requirements of any federal and constitutional requirements and submit a report on the  
17 analysis to the Legislative Policy Committee of the General Assembly, in accordance with  
18 § 2–1257 of the State Government Article, on or before September 30, [2025] 2030.

19 SECTION 5. AND BE IT FURTHER ENACTED, That the certification agency  
20 designated by the Board of Public Works under § 14–303(b) of the State Finance and  
21 Procurement Article to certify and decertify minority business enterprises, in consultation  
22 with the Office of the Attorney General and the [Governor's] Office of Small, Minority, and  
23 Women Business Affairs, shall initiate an analysis of the disparity study submitted in  
24 accordance with this Act to determine if it applies to the type of work that will be likely to  
25 be performed by an approved applicant with respect to an offshore wind project under §  
26 7–704.1(i) of the Public Utilities Article as enacted by Section 2 of this Act and submit a  
27 report on the analysis to the Legislative Policy Committee of the General Assembly, in  
28 accordance with § 2–1257 of the State Government Article, on or before September 30,  
29 [2025] 2030.

30 **Chapter 728 of the Acts of 2021, as amended by Chapters 137 and 138 of the Acts**  
31 **of 2023 and Chapters 620 and 621 of the Acts of 2025**

32 SECTION 2. AND BE IT FURTHER ENACTED, That on or before July 1, [2026]  
33 2031, the Special Secretary for the Office of Small, Minority, and Women Business Affairs,  
34 in consultation with the Secretary of Transportation and the Attorney General, shall  
35 establish policies and guidelines for the implementation of this Act.

36 SECTION 3. AND BE IT FURTHER ENACTED, That, on or before December 31,  
37 [2026] 2031, the [Governor's] Office of Small, Minority, and Women Business Affairs shall  
38 report to the General Assembly, in accordance with § 2–1257 of the State Government

1 Article, on the establishment of minority business enterprise subgoals in accordance with  
2 this Act, including:

3 (1) whether the establishment of minority business enterprise subgoals  
4 was practicable based on the type of capital project; and

5 (2) whether any changes should be made to the capital minority business  
6 enterprise subgoal framework established by this Act.

7 **Chapter 154 of the Acts of 2012, as amended by Chapters 200 and 201 of the Acts**  
8 **of 2013, Chapter 340 of the Acts of 2017, Chapter 117 of the Acts of 2022,**  
9 **Chapters 137 and 138 of the Acts of 2023, and Chapters 620 and 621 of the Acts of**  
10 **2025**

11 SECTION 2. AND BE IT FURTHER ENACTED, That the Certification Agency, in  
12 consultation with the General Assembly and the Office of the Attorney General, shall  
13 initiate a study of the Minority Business Enterprise Program to evaluate the Program's  
14 continued compliance with the requirements of the Croson decision and any subsequent  
15 federal or constitutional requirements. In preparation for the study, the Board of Public  
16 Works may adopt regulations authorizing a unit of State government to require bidders  
17 and offerors to submit information necessary for the conduct of the study. The Board of  
18 Public Works may designate that certain information received in accordance with  
19 regulations adopted under this section shall be confidential. Notwithstanding that certain  
20 information may be designated by the Board of Public Works as confidential, the  
21 Certification Agency may provide the information to any person that is under contract with  
22 the Certification Agency to assist in conducting the study. The study shall also evaluate  
23 race-neutral programs and other methods that can be used to address the needs of minority  
24 businesses. The final report on the study shall be submitted to the Legislative Policy  
25 Committee of the General Assembly, in accordance with § 2-1257 of the State Government  
26 Article, on or before September 30, [2025] **2030**, so that the General Assembly may review  
27 the report before the [2026] **2031** Session.

28 **Chapter 641 of the Acts of 2022, as amended by Chapters 137 and 138 of the Acts**  
29 **of 2023 and Chapters 620 and 621 of the Acts of 2025**

30 SECTION 2. AND BE IT FURTHER ENACTED, That:

31 (b) The certification agency and the [Governor's] Office of Small, Minority, and  
32 Women Business Affairs shall submit the findings of the study required under subsection  
33 (a) of this section to the Legislative Policy Committee, in accordance with § 2-1257 of the  
34 State Government Article, on or before December 31, [2026] **2031**, so that the General  
35 Assembly may review the findings before the [2027] **2032** Session.

36 (d) The [Governor's] Office of Small, Minority, and Women Business Affairs, in  
37 consultation with the certification agency and the Office of the Attorney General, shall  
38 develop race- and gender-neutral approaches to address the needs of minority and

1 women-owned businesses in the brokerage and investment management services industry  
2 and market and submit its report to the Legislative Policy Committee, in accordance with  
3 § 2-1257 of the State Government Article, on or before December 31, [2026] **2031**, so that  
4 the General Assembly may review, consider, and adopt race- and gender-neutral  
5 alternatives to remedial measures that are not race and gender neutral.

6 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect June  
7 1, 2026.