

# HOUSE BILL 1578

P2

6lr0309

---

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

---

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 6, 2026

---

## CHAPTER \_\_\_\_\_

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)

---

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 BY repealing and reenacting, with amendments,  
2 Article – Public Utilities  
3 Section 7–704.1(j)  
4 Annotated Code of Maryland  
5 (2025 Replacement Volume and 2025 Supplement)
- 6 BY repealing and reenacting, with amendments,  
7 Article – State Finance and Procurement  
8 Section 10A–404, 14–302(a)(10)(iv)2.B. and (v) and (12), 14–303(b)(13) and (20),  
9 14–305(a)(1), (2)(vi), and (4), (b)(1) and (4), and (c), 14–308(c), 14–309,  
10 14–501(d), 14–502.1(c), 14–503, 14–504.1(a), 14–505, and 14–604  
11 Annotated Code of Maryland  
12 (2021 Replacement Volume and 2025 Supplement)
- 13 BY adding to  
14 Article – State Finance and Procurement  
15 Section 14–301.1 and 14–305(c)  
16 Annotated Code of Maryland  
17 (2021 Replacement Volume and 2025 Supplement)
- 18 BY repealing and reenacting, without amendments,  
19 Article – State Finance and Procurement  
20 Section 14–501(a)  
21 Annotated Code of Maryland  
22 (2021 Replacement Volume and 2025 Supplement)
- 23 BY adding to  
24 Article – State Government  
25 Section 9–1A–10(a)  
26 Annotated Code of Maryland  
27 (2021 Replacement Volume and 2025 Supplement)
- 28 BY repealing and reenacting, with amendments,  
29 Article – State Government  
30 Section 9–1A–10(a)(1)(i)1., (b), and (c), 9–1E–07(b), and 9–4114  
31 Annotated Code of Maryland  
32 (2021 Replacement Volume and 2025 Supplement)
- 33 BY repealing and reenacting, with amendments,  
34 Chapter 553 of the Acts of the General Assembly of 2020, as amended by Chapters  
35 137 and 138 of the Acts of the General Assembly of 2023 and Chapters 620  
36 and 621 of the Acts of the General Assembly of 2025  
37 Section 4 and 5
- 38 BY repealing and reenacting, with amendments,

1 Chapter 728 of the Acts of the General Assembly of 2021, 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 and 3

5 BY repealing and reenacting, with amendments,

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

11 Section 2

12 ~~BY repealing and reenacting, with amendments,~~

13 Chapter 641 of the Acts of the General Assembly of 2022, as amended by Chapters  
14 137 and 138 of the Acts of the General Assembly of 2023 and Chapters 620  
15 and 621 of the Acts of the General Assembly of 2025

16 Section 2(b) and (d)

17 BY repealing and reenacting, with amendments,

18 Chapter 641 of the Acts of the General Assembly of 2022, as amended by Chapters  
19 137 and 138 of the Acts of the General Assembly of 2023 and Chapters 620  
20 and 621 of the Acts of the General Assembly of 2025

21 Section 2(c)

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

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

27 **Article – Alcoholic Beverages and Cannabis**

28 36–404.

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

33 **[(1)] (2)** To the extent practicable and authorized by the U.S.  
34 Constitution, a cannabis licensee shall comply with the State’s Minority Business  
35 Enterprise Program.



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

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

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

### 11 Article – State Finance and Procurement

12 10A–404.

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

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

19 (c) (1) The Board of Public Works may not approve a public–private  
20 partnership agreement under § 10A–203 of this title until the reporting agency, in  
21 consultation with the [Governor’s] Office of Small, Minority, and Women Business Affairs,  
22 the Office of the Attorney General, and the private entity, if permissible, establishes  
23 reasonable and appropriate minority business enterprise participation goals and  
24 procedures for the project.

25 (2) To the extent practicable, goals and procedures established under  
26 paragraph (1) of this subsection shall be based on the requirements of Title 14, Subtitle 3  
27 of this article, including the implementation of regulations adopted under §§ 14–302 and  
28 14–303 of this article.

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

32 **14–301.1.**

33 **THE GENERAL ASSEMBLY FINDS THE FOLLOWING:**

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

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

7           **(3) THE GENERAL ASSEMBLY HAS ACCEPTED AND CAREFULLY**  
8 **REVIEWED THE DISPARITY STUDY ENTITLED “STATE OF MARYLAND 2025 MINORITY**  
9 **BUSINESS ENTERPRISE DISPARITY STUDY” (THE STUDY) AND FINDS THAT THE**  
10 **STUDY PROVIDES A STRONG BASIS IN EVIDENCE DEMONSTRATING PERSISTENT**  
11 **INTENTIONAL DISCRIMINATION AGAINST MINORITY- AND WOMEN-OWNED**  
12 **BUSINESSES;**

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

15           **(I) BASED ON RIGOROUS ECONOMETRICS ANALYSES THAT**  
16 **CONTROL FOR KEY FACTORS, THERE ARE SUBSTANTIAL AND STATISTICALLY**  
17 **SIGNIFICANT ADVERSE DISPARITIES THAT ARE CONSISTENT WITH DISCRIMINATION**  
18 **AGAINST MINORITIES AND NONMINORITY WOMEN IN WAGES, FIRM FORMATION,**  
19 **ENTREPRENEURIAL EARNINGS, AND ACCESS TO CAPITAL IN THE PRIVATE SECTOR**  
20 **IN THE SAME GEOGRAPHIC MARKETS AND INDUSTRY CATEGORIES IN WHICH THE**  
21 **STATE DOES BUSINESS;**

22           **(II) A THOROUGH EXAMINATION OF THE LITERATURE REVEALS**  
23 **SEVERE AND PERSISTENT INTENTIONAL DISPARITIES AND DISCRIMINATION IN**  
24 **ACCESS TO PRIVATE BUSINESS CAPITAL MARKETS THAT IN SOME CASES HAVE BEEN**  
25 **CAUSED BY GOVERNMENT POLICIES;**

26           **(III) THE STATE WOULD BECOME A PASSIVE PARTICIPANT IN**  
27 **PRIVATE SECTOR RACIAL AND GENDER DISCRIMINATION IF IT CEASED OR**  
28 **CURTAILED REMEDIAL EFFORTS OF THE STATE, INCLUDING THE OPERATION OF**  
29 **THE MINORITY BUSINESS ENTERPRISE PROGRAM;**

30           **(IV) THERE ARE SUBSTANTIAL, ADVERSE, AND STATISTICALLY**  
31 **SIGNIFICANT DISPARITIES THAT ARE CONSISTENT WITH DISCRIMINATION AGAINST**  
32 **MINORITIES AND NONMINORITY WOMEN IN STATE PROCUREMENT;**

33           **(V) THESE SUBSTANTIAL, ADVERSE, AND STATISTICALLY**  
34 **SIGNIFICANT DISPARITIES ARE CONSISTENT WITH DISCRIMINATION AGAINST ALL**

1 ~~INDIVIDUAL~~ MINORITY GROUPS AND FOR NONMINORITY WOMEN IN MOST MAJOR  
2 INDUSTRY CATEGORIES IN STATE PROCUREMENT;

3 (VI) THERE IS SIGNIFICANT EVIDENCE THAT DISCRIMINATION IN  
4 THE PRIVATE SECTOR HAS DEPRESSED FIRM FORMATION AND FIRM GROWTH  
5 AMONG MINORITY AND NONMINORITY WOMEN ENTREPRENEURS, DECREASING THE  
6 AVAILABILITY OF ~~MINORITIES AND NONMINORITY WOMEN~~ MINORITY- AND  
7 WOMEN-OWNED FIRMS FOR PUBLIC AND PRIVATE CONTRACTING; AND

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

12 (5) AS A RESULT OF ONGOING DISCRIMINATION AND THE  
13 PRESENT-DAY EFFECTS OF PAST DISCRIMINATION, MINORITY- AND WOMEN-OWNED  
14 BUSINESSES COMBINED CONTINUE TO BE SIGNIFICANTLY UNDERUTILIZED  
15 RELATIVE TO THE AVAILABILITY OF ~~MINORITIES AND NONMINORITY WOMEN~~  
16 MINORITY- AND WOMEN-OWNED BUSINESSES TO PERFORM WORK IN THE  
17 OVERWHELMING MAJORITY OF THE PROCUREMENT CATEGORIES IN WHICH THE  
18 STATE DOES BUSINESS;

19 (6) MINORITY PRIME CONTRACTORS ALSO ARE SUBJECT TO  
20 DISCRIMINATION AND CONFRONT ESPECIALLY DAUNTING BARRIERS IN  
21 ATTEMPTING TO COMPETE WITH VERY LARGE AND LONG-ESTABLISHED  
22 NONMINORITY COMPANIES;

23 (7) DESPITE THE FACT THAT THE STATE HAS EMPLOYED, AND  
24 CONTINUES TO EMPLOY, NUMEROUS AND ROBUST RACE-NEUTRAL REMEDIES,  
25 INCLUDING AGGRESSIVE OUTREACH AND ADVERTISING, TRAINING AND EDUCATION,  
26 SMALL BUSINESS PROGRAMS, EFFORTS TO IMPROVE ACCESS TO CAPITAL, AND  
27 OTHER EFFORTS, THERE IS A STRONG BASIS IN EVIDENCE THAT DISCRIMINATION  
28 PERSISTS EVEN IN PUBLIC SECTOR PROCUREMENT IN WHICH THESE EFFORTS HAVE  
29 BEEN EMPLOYED;

30 (8) NOTWITHSTANDING THE LEVELS OF PARTICIPATION ACHIEVED  
31 WHEN RACE-CONSCIOUS MEASURES ARE USED, THERE IS CONCERN THAT, IN THE  
32 ABSENCE OF MINORITY BUSINESS ENTERPRISE PARTICIPATION GOALS FOR STATE  
33 PROCUREMENT, THERE WOULD BE A SUBSTANTIAL DECREASE IN THE OVERALL  
34 UTILIZATION OF MINORITY- AND WOMEN-OWNED BUSINESSES;

35 (9) THIS SUBTITLE ENSURES THAT RACE-NEUTRAL EFFORTS WILL BE  
36 USED TO THE MAXIMUM EXTENT FEASIBLE AND THAT RACE-CONSCIOUS MEASURES

1 WILL BE USED ONLY WHERE NECESSARY TO ELIMINATE DISCRIMINATION THAT WAS  
2 NOT ALLEVIATED BY RACE-NEUTRAL EFFORTS;

3 (10) THIS SUBTITLE CONTINUES AND ENHANCES EFFORTS TO ENSURE  
4 THAT THE STATE LIMITS THE BURDEN ON NONMINORITY, MALE-OWNED  
5 BUSINESSES AS MUCH AS POSSIBLE BY ENSURING THAT ALL GOALS ARE DEVELOPED  
6 USING THE BEST AVAILABLE DATA, WAIVERS ARE AVAILABLE WHENEVER  
7 CONTRACTORS MAKE GOOD FAITH EFFORTS, AND THAT NONMINORITY MEN MAY  
8 QUALIFY FOR CERTIFICATION IF NONMINORITY MEN ARE SOCIALLY AND  
9 ECONOMICALLY DISADVANTAGED;

10 (11) THIS SUBTITLE ENSURES THAT THE OPERATION OF THE  
11 MINORITY BUSINESS ENTERPRISE PROGRAM IS CONSISTENT WITH THE STUDY  
12 DATA AND NARROWLY TAILORED TO THE COMPELLING INTERESTS OF THE STATE;  
13 AND

14 (12) STATE EFFORTS TO ~~SUPPORT~~ REDUCE DISCRIMINATION SUPPORT  
15 THE DEVELOPMENT OF COMPETITIVELY VIABLE MINORITY- AND WOMEN-OWNED  
16 BUSINESS ENTERPRISES WILL HELP REDUCE DISCRIMINATION, CREATE AND  
17 CREATE JOBS FOR ALL CITIZENS OF MARYLAND, HELP GROW THE MARYLAND  
18 ECONOMY, AND FOSTER COMPETITION THAT WILL REDUCE THE COST OF GOODS AND  
19 SERVICES PROCURED BY THE STATE.

20 14-302.

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

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

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

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

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

32 (iii) 1. A. Except as provided in subsubsubparagraph B of this  
33 subsubparagraph, for purposes of this subparagraph, good cause for removal of a certified  
34 minority business enterprise after contract execution includes documented

1 nonperformance by the minority business enterprise or election by the certified minority  
2 business enterprise to cease work on the contract.

3 B. Failure of a certified minority business enterprise to  
4 provide a bond requested by a contractor in violation of § 13–227 of this article may not be  
5 considered nonperformance by the minority business enterprise.

6 2. A contractor may not terminate or otherwise cancel the  
7 contract of a certified minority business enterprise subcontractor listed in the minority  
8 business enterprise participation schedule without showing good cause and obtaining the  
9 prior written consent of the minority business enterprise liaison and approval of the head  
10 of the unit.

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

14 (iv) A minority business enterprise participation schedule may be  
15 amended to modify minority business enterprise participation after the date of contract  
16 execution only if:

- 17 1. it is in the best interest of the State;
- 18 2. it is approved by the head of the unit; and
- 19 3. the contract is amended.

20 14–303.

21 (b) These regulations shall include:

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

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

29 14–305.

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

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

1 (vi) contain other such information as required by the [Governor's]  
 2 Office of Small, Minority, and Women Business Affairs and the certification agency and  
 3 approved by the Board.

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

7 (b) (1) On or before [December 31 of] **THE 15TH 5TH DAY OF A REGULAR**  
 8 **LEGISLATIVE SESSION** each year, the [Governor's] Office of Small, Minority, and Women  
 9 Business Affairs shall submit to the Board of Public Works and, subject to § 2–1257 of the  
 10 State Government Article, to the Legislative Policy Committee and the Joint Committee on  
 11 Fair Practices and State Personnel Oversight a report summarizing the information the  
 12 Office receives under subsection (a) of this section.

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

18 (ii) To ensure accuracy of the attestation made under subparagraph  
 19 (i) of this paragraph, on or before December 31, 2023, and every 3 years thereafter, the  
 20 [Governor's] Office of Small, Minority, and Women Business Affairs shall conduct an audit  
 21 of the Executive Branch of State government to determine what entities are included in the  
 22 definition of “unit” under § 11–101 of this article.

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

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

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

30 **(III) ANY OTHER INFORMATION REQUESTED ~~BASED ON CRITERIA~~**  
 31 **~~ESTABLISHED~~ BY THE OFFICE OF SMALL, MINORITY, AND WOMEN BUSINESS**  
 32 **~~AFFAIRS UNDER A CONTRACT~~ RELATED TO CONTRACTS GOVERNED BY THIS**  
 33 **SUBTITLE.**

1           **(2) THE REPORT REQUIRED UNDER THIS SUBSECTION MAY BE**  
2 **PREPARED IN CONJUNCTION WITH THE ANNUAL REPORT REQUIRED UNDER §**  
3 **9-4120 OF THE STATE GOVERNMENT ARTICLE.**

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

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

12           (3) The criteria adopted under paragraph (2) of this subsection shall  
13 include the results of the compliance assessments made under subsection (a)(2)(v) of this  
14 section.

15           (4) The **[Governor’s]** Office of Small, Minority, and Women Business  
16 Affairs shall refer prime contractors identified under the criteria adopted under paragraph  
17 (2) of this subsection to the Office of the Attorney General for debarment under §  
18 16-203(d)(4) of this article.

19 14-308.

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

22 14-309.

23           The provisions of §§ 14-301 through 14-305 of this subtitle, and any regulations  
24 adopted under those sections, shall be of no effect and may not be enforced after July 1,  
25 **[2026] 2031.**

26 14-501.

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

28           (d) “Small business” means:

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

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

- 1           (3)    a business, other than a broker, that meets the following criteria:
- 2                   (i)    the business is independently owned and operated;
- 3                   (ii)   the business is not a subsidiary of another business;
- 4                   (iii)   the business is not dominant in its field of operation; and
- 5                   (iv)   1.    A.    the wholesale operations of the business did not  
6    employ more than 50 persons in its most recently completed 3 fiscal years;
- 7                                B.    the retail operations of the business did not employ more  
8    than 25 persons in its most recently completed 3 fiscal years;
- 9                                C.    the manufacturing operations of the business did not  
10   employ more than 100 persons in its most recently completed 3 fiscal years;
- 11                              D.    the service operations of the business did not employ more  
12   than 100 persons in its most recently completed 3 fiscal years;
- 13                              E.    the construction operations of the business did not employ  
14   more than 50 persons in its most recently completed 3 fiscal years; and
- 15                              F.    the architectural and engineering services of the business  
16   did not employ more than 100 persons in its most recently completed 3 fiscal years; or
- 17                   2.    A.    the gross sales of the wholesale operations of the  
18   business did not exceed an average of \$4,000,000 in its most recently completed 3 fiscal  
19   years;
- 20                              B.    the gross sales of the retail operations of the business did  
21   not exceed an average of \$3,000,000 in its most recently completed 3 fiscal years;
- 22                              C.    the gross sales of the manufacturing operations of the  
23   business did not exceed an average of \$2,000,000 in its most recently completed 3 fiscal  
24   years;
- 25                              D.    the gross sales of the service operations of the business did  
26   not exceed an average of \$10,000,000 in its most recently completed 3 fiscal years;
- 27                              E.    the gross sales of the construction operations of the  
28   business did not exceed an average of \$7,000,000 in its most recently completed 3 fiscal  
29   years; and
- 30                              F.    the gross sales of the architectural and engineering  
31   services of the business did not exceed an average of \$4,500,000 in its most recently  
32   completed 3 fiscal years; **OR**

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

4 14-502.1.

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

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

13 14-503.

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

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

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

22                   (1) establish guidelines for Small Business Reserve Program  
23 administration;

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

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

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

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

30 14-504.1.

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

5 14-505.

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

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

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

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

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

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

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

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

26 **(I) SMALL BUSINESS RESERVE ANNUAL DESIGNATED AND**  
27 **NONDESIGNATED ACHIEVEMENT AWARDS UNDER SUBSECTION (B) OF THIS**  
28 **SECTION; AND**

29 **(II) ANY OTHER INFORMATION REQUESTED ~~BASED ON CRITERIA~~**  
30 **~~ESTABLISHED~~ BY THE OFFICE OF SMALL, MINORITY, AND WOMEN BUSINESS**  
31 **~~AFFAIRS UNDER A DESIGNATED OR UNDESIGNATED CONTRACT AS RELATED TO~~**  
32 **CONTRACTS GOVERNED BY THIS SUBTITLE.**



1 9-1A-10.

2 (A) (1) THE FINDINGS AND EVIDENCE RELIED ON BY THE GENERAL  
3 ASSEMBLY FOR THE CONTINUATION OF THE MINORITY BUSINESS ENTERPRISE  
4 PROGRAM UNDER TITLE 14, SUBTITLE 3 OF THE STATE FINANCE AND  
5 PROCUREMENT ARTICLE ARE INCORPORATED IN THIS SECTION.

6 (2) TO THE EXTENT PRACTICABLE AND AUTHORIZED BY THE UNITED  
7 STATES CONSTITUTION, A LICENSEE SHALL COMPLY WITH THE STATE'S MINORITY  
8 BUSINESS ENTERPRISE PROGRAM.

9 ~~(A)~~ (B) (1) (i) An applicant or a licensee is subject to:

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

14 2. any other corresponding provisions of law under Title 14,  
15 Subtitle 3 of the State Finance and Procurement Article.

16 (ii) The minority business participation goal shall apply to:

17 1. construction related to video lottery terminals; and

18 2. procurement related to the operation of video lottery  
19 terminals, including procurement of equipment and ongoing services.

20 (2) If the county in which a video lottery facility will be located has higher  
21 minority business participation requirements than the State as described in paragraph (1)  
22 of this subsection, the applicant shall meet the county's minority business participation  
23 requirements to the extent possible.

24 (3) A county in which a video lottery facility will be located may impose  
25 local business, local minority business participation, and local hiring requirements to the  
26 extent authorized by local law and permitted by the United States Constitution.

27 (4) Any collective bargaining agreement or agreements, including a project  
28 labor agreement or a neutrality agreement, entered into by an applicant or licensee may  
29 not negate the requirements of this subsection.

30 (5) If an applicant for employment at a video lottery facility believes that  
31 the applicant has been discriminated against in the employment process, the applicant may  
32 appeal the employment decision to the local human relations board in the county where the  
33 facility is located.

1           (6)    Notwithstanding any collective bargaining agreement or agreements, a  
2 licensee shall:

3                   (i)    provide health insurance coverage for its employees; and

4                   (ii) give a preference to hiring qualified employees from the  
5 communities within 10 miles of the video lottery facility.

6           (7)    A licensee shall:

7                   (i)    provide retirement benefits for its employees; and

8                   (ii) if the licensee is a racetrack licensee, provide retirement benefits  
9 to its video lottery operation employees that are equivalent to the level of benefits provided  
10 to the racetrack employees who are eligible under the Maryland Racetrack Employees  
11 Pension Fund.

12           (8)    Notwithstanding any collective bargaining agreement or agreements, if  
13 the licensee is a racetrack location, the licensee shall provide health insurance coverage to  
14 all employees of the racetrack, including the employees of the racetrack on the backstretch  
15 of the racetrack.

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

19                   (2)    The [Governor's] Office of Small, Minority, and Women Business  
20 Affairs shall monitor a licensee's compliance with subsection ~~(a)(1)~~ **(B)(1)** and (2) of this  
21 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)~~ **(B)(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)~~ **(B)(1)** and (2) of  
27 this section, the Commission may take immediate action to ensure the compliance of the  
28 licensee.

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

32 9-1E-07.

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

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

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

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

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

20 9-4114.

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

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

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

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

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

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

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

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

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

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

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

3 **[(9)] (10)** the Secretary of Public Safety and Correctional Services, or the  
4 Secretary's designee;

5 **[(10)] (11)** the Secretary of Transportation, or the Secretary's designee;

6 **[(11)] (12)** the Secretary of Veterans and Military Families, or the  
7 Secretary's Designee;

8 **[(12)] (13)** the Chief Procurement Officer for the State, or the Chief  
9 Procurement Officer's designee;

10 **[(13)] (14)** the Minority Business Enterprise Ombudsman, or the  
11 Ombudsman's designee; and

12 **[(14)] (15)** any other head of a department or agency that is accountable to  
13 the Governor, as deemed necessary by the Governor.

14 (c) The Governor's Subcabinet shall:

15 (1) meet:

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

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

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

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

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

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

27 (6) recommend actions to make improvements to the Small Business  
28 Reserve Program, the Minority Business Enterprise Program, and the Veteran Small  
29 Business Enterprise Program.

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

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

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

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

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

29 SECTION 2. AND BE IT FURTHER ENACTED, That on or before July 1, [2026]  
30 2031, the Special Secretary for the Office of Small, Minority, and Women Business Affairs,  
31 in consultation with the Secretary of Transportation and the Attorney General, shall  
32 establish policies and guidelines for the implementation of this Act.

33 SECTION 3. AND BE IT FURTHER ENACTED, That, on or before December 31,  
34 [2026] 2031, the [Governor's] Office of Small, Minority, and Women Business Affairs shall  
35 report to the General Assembly, in accordance with § 2–1257 of the State Government  
36 Article, on the establishment of minority business enterprise subgoals in accordance with  
37 this Act, including:

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

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

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

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

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

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

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

34 [(c) (B) The State Retirement and Pension System shall provide to the  
35 certification agency any information deemed necessary to assess the need for remedial  
36 measures to assist minority and women-owned businesses in the brokerage and  
37 investment management services industry and market.

1       ~~(d) The [Governor's] Office of Small, Minority, and Women Business Affairs, in~~  
 2 ~~consultation with the certification agency and the Office of the Attorney General, shall~~  
 3 ~~develop race and gender neutral approaches to address the needs of minority and~~  
 4 ~~women owned businesses in the brokerage and investment management services industry~~  
 5 ~~and market and submit its report to the Legislative Policy Committee, in accordance with~~  
 6 ~~§ 2-1257 of the State Government Article, on or before December 31, [2026] 2031, so that~~  
 7 ~~the General Assembly may review, consider, and adopt race and gender neutral~~  
 8 ~~alternatives to remedial measures that are not race and gender neutral.~~

9       SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect June  
 10 1, 2026.

Approved:

---

Governor.

---

Speaker of the House of Delegates.

---

President of the Senate.