

HOUSE BILL 1458

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By: **Delegate D. Barnes**

Introduced and read first time: February 24, 2022

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **State Procurement – Small Business Reserve Program**

3 FOR the purpose of altering the definition of “small business” for the purposes of the Small
4 Business Reserve Program by adding a requirement that the principal office of the
5 business must be located in the State; increasing the minimum percent of a unit’s
6 procurements that, to the extent practicable, are to be made directly from small
7 businesses; altering the intervals within which certain standards and guidelines for
8 participation in the Small Business Reserve Program are required to be established;
9 and generally relating to the Small Business Reserve Program.

10 BY repealing and reenacting, with amendments,
11 Article – State Finance and Procurement
12 Section 14–501 and 14–502
13 Annotated Code of Maryland
14 (2021 Replacement Volume)

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

17 **Article – State Finance and Procurement**

18 14–501.

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

20 (b) “Small business” means:

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

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

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

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

6 (iii) the business is not dominant in its field of operation; [and]

7 (iv) **THE BUSINESS'S PRINCIPAL OFFICE IS LOCATED IN THE**
8 **STATE; AND**

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

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

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

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

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

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

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

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

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

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

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

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

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

9 14-502.

10 (a) Except as provided in subsection (d) of this section, this subtitle applies to all
11 procurements by a unit.

12 (b) This subsection does not apply to procurements subject to Subtitle 1 of this
13 title.

14 (c) To the extent practicable, a unit shall structure its procurement procedures to
15 achieve a minimum of ~~[15%]~~ **30%** of the unit's total dollar value of goods, supplies, services,
16 maintenance, construction, construction-related services, and architectural and
17 engineering service contracts to be made directly to small businesses.

18 (d) The total dollar value of procurements by a unit does not include the value of
19 contracts to which this section does not apply because of a conflict with federal law.

20 (e) A unit may apply toward the unit's overall annual Small Business Reserve
21 payment achievement only those payments resulting from a procurement that is
22 designated a Small Business Reserve procurement.

23 (f) The Special Secretary for the Office of Small, Minority, and Women Business
24 Affairs, in consultation with the Attorney General, shall establish standards and guidelines
25 for participation in the Small Business Reserve Program **AT LEAST** every 5 years.

26 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
27 October 1, 2022.