

# SENATE BILL 996

P2

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CF HB 1458

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By: **Senator Patterson**

Introduced and read first time: February 22, 2022

Assigned to: Rules

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## 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;

23 (2) a veteran–owned small business enterprise, as defined in § 14–601 of

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 this title, that meets the criteria specified under item (3) of this subsection; or

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

30 E. the gross sales of the construction operations of the  
31 business did not exceed an average of \$7,000,000 in its most recently completed 3 fiscal

1 years; and

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

5 (c) “Small business reserve” means those procurements that are limited to  
6 responses from small businesses under § 14–502(b) of this subtitle.

7 14–502.

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

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

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

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

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

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

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