

Bill No.: \_\_\_\_\_

Requested: \_\_\_\_\_

Committee: \_\_\_\_\_

Drafted by: McCurdy

Typed by: Julia

Stored – 11/01/22

Proofread by \_\_\_\_\_

Checked by \_\_\_\_\_

By: **Montgomery County Delegation and Prince George’s County Delegation**

Requested by the Chair on behalf of WSSC

A BILL ENTITLED

1 AN ACT concerning

2 **Washington Suburban Sanitary Commission – Minority Business Enterprise**  
3 **Utilization Program – Revisions and Extension**

4 **MC/PG 101–23**

5 FOR the purpose of revising the minority business enterprise utilization program within  
6 the Washington Suburban Sanitary Commission, including altering the definition of  
7 “minority business enterprise”, altering the duties of the Office of Supplier Diversity  
8 and Inclusion, merging the program for design/build and construction contracts with  
9 the program for the procurement of goods and services, altering requirements for  
10 prime contractors in relation to minority business enterprise participation, and  
11 altering certification requirements for businesses to participate in contract–specific  
12 minority business enterprise goals and preferences authorized by the Commission;  
13 extending until a certain date provisions relating to procurement from minority  
14 business enterprises by the Commission; and generally relating to the Washington  
15 Suburban Sanitary Commission and procurements from minority business  
16 enterprises.

17 BY repealing and reenacting, with amendments,  
18 Article – Public Utilities  
19 Section 20–201, 20–202, 20–204, 20–206, 20–208, and 20–302  
20 Annotated Code of Maryland

---

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (2020 Replacement Volume and 2022 Supplement)

2 BY adding to

3 Article – Public Utilities

4 Section 20–202 and 20–205

5 Annotated Code of Maryland

6 (2020 Replacement Volume and 2022 Supplement)

7 BY repealing

8 Article – Public Utilities

9 Section 20–203 and 20–205

10 Annotated Code of Maryland

11 (2020 Replacement Volume and 2022 Supplement)

12 BY repealing and reenacting, without amendments,

13 Article – Public Utilities

14 Section 20–207

15 Annotated Code of Maryland

16 (2020 Replacement Volume and 2022 Supplement)

17 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

18 That the Laws of Maryland read as follows:

19 **Article – Public Utilities**

20 20–201.

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

22 (b) [Except as provided in § 20–203 of this subtitle, “minority] **“MINORITY**  
23 **business enterprise”** [means a legal entity that is:

24 (1) organized to engage in commercial transactions; and

25 (2) at least 51% owned and controlled by one or more individuals who are  
26 members of a group that is:

1 (i) disadvantaged socially or economically by the effects of past  
2 discrimination, including discrimination as to certification; and

3 (ii) identified by a study conducted in accordance with this subtitle  
4 or a similar, previously conducted study] **HAS THE MEANING STATED IN § 14-301 OF**  
5 **THE STATE FINANCE AND PROCUREMENT ARTICLE.**

6 (c) “Office” means the Office of Supplier Diversity and Inclusion established  
7 under [§ 20-202] **§ 20-203** of this subtitle.

8 **20-202.**

9 **THE GENERAL ASSEMBLY FINDS THE FOLLOWING:**

10 **(1) THE GENERAL ASSEMBLY WISHES TO PROVIDE ALL CITIZENS OF**  
11 **MARYLAND WITH EQUAL ACCESS TO BUSINESS FORMATION AND BUSINESS GROWTH**  
12 **OPPORTUNITIES;**

13 **(2) THE ELIMINATION OF DISCRIMINATION AGAINST MINORITY- AND**  
14 **WOMEN-OWNED BUSINESSES IS OF PARAMOUNT IMPORTANCE TO THE FUTURE**  
15 **WELFARE OF THE COMMUNITY SERVED BY THE COMMISSION;**

16 **(3) THE COMMISSION HAS PROCURED, RECEIVED, ACCEPTED, AND**  
17 **CAREFULLY REVIEWED A DISPARITY STUDY COMMISSIONED BY THE COMMISSION**  
18 **AND FINDS THAT THE DISPARITY STUDY PROVIDES A STRONG BASIS IN EVIDENCE**  
19 **DEMONSTRATING PERSISTENT DISCRIMINATION AGAINST MINORITY- AND**  
20 **WOMEN-OWNED BUSINESSES;**

21 **(4) BASED ON ITS REVIEW OF THE DISPARITY STUDY:**

22 **(I) THERE ARE SUBSTANTIAL AND STATISTICALLY**  
23 **SIGNIFICANT ADVERSE DISPARITIES THAT ARE STRONG EVIDENCE OF**  
24 **DISCRIMINATION AGAINST MINORITIES AND NONMINORITY WOMEN IN WAGES,**  
25 **BUSINESS FORMATION, BUSINESS OWNER EARNINGS, AND ACCESS TO CAPITAL IN**  
26 **THE SAME GEOGRAPHIC MARKETS AND INDUSTRY CATEGORIES IN WHICH THE**  
27 **COMMISSION DOES BUSINESS;**

1                   **(II) THE COMMISSION WOULD BECOME A PASSIVE PARTICIPANT**  
2 **IN PRIVATE SECTOR RACIAL AND GENDER DISCRIMINATION IF IT ELIMINATED ITS**  
3 **REMEDIAL EFFORTS, INCLUDING THE OPERATION OF THE MINORITY BUSINESS**  
4 **ENTERPRISE UTILIZATION PROGRAM ESTABLISHED UNDER § 20-204 OF THIS**  
5 **SUBTITLE;**

6                   **(III) THERE REMAIN SUBSTANTIAL AND STATISTICALLY**  
7 **SIGNIFICANT ADVERSE DISPARITIES THAT ARE CONSISTENT WITH DISCRIMINATION**  
8 **AGAINST MINORITIES AND NONMINORITY WOMEN IN THE COMMISSION'S OWN**  
9 **PROCUREMENT DESPITE THE COMMISSION'S ASSERTIVE EFFORTS TO CURTAIL**  
10 **THAT DISCRIMINATION;**

11                   **(IV) THERE ARE SUBSTANTIAL AND STATISTICALLY**  
12 **SIGNIFICANT ADVERSE DISPARITIES THAT ARE CONSISTENT WITH DISCRIMINATION**  
13 **AGAINST BUSINESSES OWNED BY MINORITIES AND NONMINORITY WOMEN IN ALL**  
14 **MAJOR INDUSTRY CATEGORIES IN WHICH THE COMMISSION PROCURES GOODS AND**  
15 **SERVICES;**

16                   **(V) THERE IS AMPLE EVIDENCE THAT DISCRIMINATION IN THE**  
17 **PRIVATE SECTOR HAS DEPRESSED BUSINESS FORMATION AND BUSINESS GROWTH**  
18 **AMONG MINORITY AND NONMINORITY WOMEN ENTREPRENEURS IN THE**  
19 **GEOGRAPHIC MARKETS AND INDUSTRY CATEGORIES IN WHICH THE COMMISSION**  
20 **DOES BUSINESS; AND**

21                   **(VI) THERE IS POWERFUL AND PERSUASIVE QUALITATIVE**  
22 **EVIDENCE, BOTH STATISTICAL AND ANECDOTAL, OF DISCRIMINATION AGAINST**  
23 **MINORITY AND NONMINORITY WOMEN BUSINESS OWNERS IN BOTH THE PUBLIC AND**  
24 **PRIVATE SECTORS IN THE GEOGRAPHIC MARKETS AND INDUSTRY CATEGORIES IN**  
25 **WHICH THE COMMISSION DOES BUSINESS;**

26                   **(5) AS A RESULT OF ONGOING DISCRIMINATION AND THE PRESENT**  
27 **DAY EFFECTS OF PAST DISCRIMINATION, MINORITY- AND WOMEN-OWNED**  
28 **BUSINESSES COMBINED CONTINUE TO BE SIGNIFICANTLY UNDERUTILIZED**  
29 **RELATIVE TO THEIR AVAILABILITY TO PERFORM WORK IN ALL OF THE**  
30 **PROCUREMENT CATEGORIES IN WHICH THE COMMISSION DOES BUSINESS;**

31                   **(6) MINORITY PRIME CONTRACTORS ALSO ARE SUBJECT TO**  
32 **DISCRIMINATION AND CONFRONT ESPECIALLY DAUNTING BARRIERS IN**

1 ATTEMPTING TO COMPETE WITH VERY LARGE AND LONG-ESTABLISHED  
2 NONMINORITY COMPANIES;

3 (7) DESPITE THE FACT THAT THE COMMISSION HAS EMPLOYED, AND  
4 CONTINUES TO EMPLOY, NUMEROUS AND ROBUST RACE-NEUTRAL REMEDIES,  
5 INCLUDING AGGRESSIVE OUTREACH AND ADVERTISING, TRAINING AND EDUCATION,  
6 A SMALL LOCAL BUSINESS PROGRAM, AND OTHER EFFORTS, THERE IS A STRONG  
7 BASIS IN EVIDENCE THAT DISCRIMINATION PERSISTS EVEN IN PUBLIC SECTOR  
8 PROCUREMENT WHERE THESE EFFORTS HAVE BEEN EMPLOYED;

9 (8) THIS SUBTITLE ENSURES THAT RACE-NEUTRAL EFFORTS WILL BE  
10 USED TO THE MAXIMUM EXTENT FEASIBLE AND THAT RACE-CONSCIOUS MEASURES  
11 WILL BE USED ONLY WHERE NECESSARY TO ELIMINATE DISCRIMINATION THAT WAS  
12 NOT ALLEVIATED BY RACE-NEUTRAL EFFORTS;

13 (9) THIS SUBTITLE CONTINUES AND ENHANCES EFFORTS TO ENSURE  
14 THAT THE COMMISSION LIMITS THE BURDEN ON NONMINORITY BUSINESSES AS  
15 MUCH AS POSSIBLE BY ENSURING THAT ALL GOALS ARE DEVELOPED USING THE  
16 BEST AVAILABLE DATA AND THAT WAIVERS ARE AVAILABLE WHEN CONTRACTORS  
17 MAKE GOOD FAITH EFFORTS;

18 (10) THIS SUBTITLE ENSURES THAT THE OPERATION OF THE MINORITY  
19 BUSINESS ENTERPRISE UTILIZATION PROGRAM ESTABLISHED UNDER § 20-204 OF  
20 THIS SUBTITLE IS CONSISTENT WITH THE DISPARITY STUDY DATA AND IS NARROWLY  
21 TAILORED TO THE COMPELLING INTERESTS OF THE STATE; AND

22 (11) COMMISSION EFFORTS TO SUPPORT THE DEVELOPMENT OF  
23 COMPETITIVELY VIABLE BUSINESSES OWNED BY WOMEN AND MINORITIES WILL  
24 ASSIST IN REDUCING DISCRIMINATION AND CREATING JOBS FOR ALL CITIZENS OF  
25 MARYLAND.

26 [20-202.] 20-203.

27 (a) There is an Office of Supplier Diversity and Inclusion in the Commission.

28 (b) The head of the Office is the Director of the Office of Supplier Diversity and  
29 Inclusion.

1 (c) The Office shall:

2 (1) administer each Commission program that is created to [promote the  
3 growth of or participation by] **REMEDY DISCRIMINATION AGAINST** minority [or]  
4 **BUSINESS ENTERPRISES AND PROMOTE THE PARTICIPATION OF** local small business  
5 enterprises, including:

6 (i) [the minority business enterprise utilization program for  
7 design/build and construction contracts under § 20–203 of this subtitle;

8 (ii)] the minority business enterprise utilization program [for the  
9 procurement of other goods and services] under § 20–204 of this subtitle; and

10 [(iii)] **(II)** the local small business enterprise program under  
11 Subtitle 3 of this title;

12 (2) promote and coordinate the plans, programs, and operations of the  
13 Commission [that promote or affect the establishment, preservation, and strengthening of  
14 minority business enterprises] **TO REMEDY DISCRIMINATION AGAINST MINORITY**  
15 **BUSINESS ENTERPRISES AND THE EFFECTS OF DISCRIMINATION;**

16 (3) promote activities and the use of the resources of the Commission, local  
17 governments, and private entities [for the growth of] **TO REMEDY DISCRIMINATION**  
18 **AGAINST** minority business enterprises **AND THE EFFECTS OF DISCRIMINATION; AND**

19 (4) [provide technical and managerial assistance to minority business  
20 enterprises;

21 (5) schedule seminars and workshops to educate minority businesses on  
22 how the Commission conducts business; and

23 (6)] ensure compliance with certified minority business enterprise  
24 subcontract participation goals under § 20–206 of this subtitle.

25 [20–203.

26 (a) In this section, “minority business enterprise” has the meaning stated in §  
27 14–301 of the State Finance and Procurement Article.

1           (b)   (1)   By resolution and adopting regulations, the Commission shall establish  
2 a mandatory minority business enterprise utilization program to facilitate the participation  
3 of responsible certified minority business enterprises in contracts awarded by the  
4 Commission in accordance with its competitive bidding or proposal procedures under  
5 Subtitle 1 of this title.

6           (2)   The Office shall administer the program established under this  
7 subsection.

8           (c)   Regulations that establish the program under subsection (b) of this section  
9 shall include provisions that:

10           (1)   recognize the certification of minority business enterprises by the State  
11 certification agency designated under § 14–303(b) of the State Finance and Procurement  
12 Article;

13           (2)   recognize any other certification program that the Commission  
14 determines substantially duplicates the requirements of the State certification agency;

15           (3)   provide for the graduation of a minority business enterprise from the  
16 program if the Commission determines that the minority business enterprise no longer  
17 requires the assistance or benefits offered by the program;

18           (4)   at the time of submission, require a bid or proposal based on a  
19 solicitation with an expected degree of minority business enterprise participation to include  
20 proof of a certified minority business enterprise commitment by stating:

21           (i)   the potential subcontract opportunities available in the prime  
22 procurement contract; and

23           (ii)   the number of minority business enterprises that have certified,  
24 under the penalties for perjury, that the minority business enterprise has entered into an  
25 agreement with the bidder or offeror to provide goods or services under specific terms  
26 outlined in the certification;

27           (5)   require each general contractor to submit to the Commission monthly  
28 reports of the number of minority business enterprises employed by the general contractor;

1           (6)    require each general contractor to provide prompt notification to the  
2 Commission if a contract with a minority business enterprise is terminated;

3           (7)    require each general contractor to:

4                (i)    maintain a participation level from minority business  
5 enterprises that is consistent with the participation level referenced under item (4)(ii) of  
6 this subsection; or

7                (ii)   provide justification for the inability of the general contractor to  
8 maintain the participation level;

9           (8)    provide for an increase in minority business enterprise participation as  
10 general contractors and subcontractors; and

11           (9)    authorize the waiver of all or part of the program for a specific contract  
12 if the Commission determines that applying the program to the contract would conflict with  
13 the overall objectives and responsibilities of the Commission.

14           (d)    Before accepting an alternative certification program under subsection (c)(2)  
15 of this section, the Commission shall examine the alternative program to ensure that the  
16 alternative program complies with the guidelines established under § 20–205 of this  
17 subtitle.]

18 20–204.

19           (a)    (1)    By resolution and adopting regulations, the Commission shall establish  
20 a minority business enterprise utilization program to [facilitate the participation of  
21 responsible certified] **REMEDY DISCRIMINATION AGAINST** minority business enterprises  
22 in contracts awarded by the Commission [for goods and services that are not covered under  
23 § 20–203 of this subtitle,] if the Commission determines that:

24                (i)    [minority business enterprises are underrepresented in the  
25 award of these contracts due to the effects of past discrimination] **THERE IS A STRONG**  
26 **BASIS IN EVIDENCE THAT MINORITY BUSINESS ENTERPRISES ARE SUBJECT TO**  
27 **DISCRIMINATION;** and



1 (ii) a program is necessary to remedy the effects of this [past]  
2 discrimination.

3 (2) The Office shall administer the program established under this  
4 subsection.

5 (b) Regulations that establish the program under subsection (a) of this section  
6 shall include provisions that:

7 (1) recognize the certification of minority business enterprises by the State  
8 certification agency designated under § 14–303(b) of the State Finance and Procurement  
9 Article **AND THE REGULATIONS ADOPTED UNDER TITLE 14, SUBTITLE 3 OF THE**  
10 **STATE FINANCE AND PROCUREMENT ARTICLE;**

11 (2) recognize any other certification program that the Commission  
12 determines, **UNDER § 20–205 OF THIS SUBTITLE,** substantially duplicates the  
13 requirements of the State certification agency;

14 [(3) provide for the graduation of a minority business enterprise from the  
15 program if the Commission determines that the minority business enterprise no longer  
16 requires the assistance or benefits offered by the program;

17 (4) at the time of submission, require a bid or proposal based on a  
18 solicitation with an expected degree of minority business enterprise participation to include  
19 proof of a certified minority business enterprise commitment by stating:

20 (i) the potential subcontract opportunities available in the prime  
21 procurement contract; and

22 (ii) the number of minority business enterprises that have certified,  
23 under the penalties for perjury, that the minority business enterprise has entered into an  
24 agreement with the bidder or offeror to provide goods or services under specific terms  
25 outlined in the certification;]

26 (3) **ESTABLISH A RANGE OF RACE-NEUTRAL PROGRAMS AND**  
27 **POLICIES AIMED AT REMEDYING DISCRIMINATION, INCLUDING EFFORTS TO ASSIST**  
28 **SMALL AND UNDERUTILIZED BUSINESSES WITH:**

1                   **(I) GROWING THE BUSINESS AND BEING COMPETITIVE;**

2                   **(II) UNDERSTANDING AND NAVIGATING THE COMMISSION’S**  
3 **PROCUREMENT PROCESS AND REQUIREMENTS; AND**

4                   **(III) THRIVING AS BOTH SUBCONTRACTORS AND PRIME**  
5 **CONTRACTORS;**

6                   **(4) AT THE TIME OF SUBMISSION, REQUIRE A BID OR PROPOSAL**  
7 **BASED ON A SOLICITATION THAT INCLUDES A MINORITY BUSINESS ENTERPRISE**  
8 **PARTICIPATION GOAL TO INCLUDE, UNDER PENALTIES OF PERJURY,**  
9 **DOCUMENTATION:**

10                   **(I) ABOUT EACH MINORITY BUSINESS THAT HAS CERTIFIED**  
11 **THAT THE MINORITY BUSINESS AGREES TO PROVIDE SPECIFIC GOODS AND**  
12 **SERVICES UNDER SPECIFIC TERMS OUTLINED IN THE CERTIFICATION; AND**

13                   **(II) OF GOOD FAITH EFFORTS TO MEET ANY PART OF A GOAL**  
14 **NOT MET BY THE DOCUMENTATION REQUIRED UNDER ITEM (I) OF THIS ITEM;**

15                   (5) require each [general] **PRIME** contractor to submit to the Commission  
16 monthly reports [of the number of minority business enterprises employed by the general  
17 contractor] **CONTAINING INFORMATION REQUIRED BY THE OFFICE;**

18                   (6) require each [general] **PRIME** contractor, **WHEN FEASIBLE**, to provide  
19 prompt notification to the Commission [if a contract] **BEFORE THE TERMINATION OF A**  
20 **CONTRACT** with a minority business enterprise [is terminated];

21                   (7) require each [general] **PRIME** contractor to:

22                   (i) maintain [a] participation [level] from minority business  
23 enterprises that is consistent with the participation [level] referenced under item [(4)(ii)]  
24 **(4)** of this subsection; or

25                   (ii) provide [justification for the inability of the general contractor]  
26 **DOCUMENTATION OF GOOD FAITH EFFORTS** to maintain the participation [level]  
27 **REFERENCED UNDER ITEM (4) OF THIS SUBSECTION;**

1 (8) provide for minority business enterprise participation through  
2 **[subcontracting] CONTRACT-SPECIFIC GOALS;**

3 (9) **[(i)]** authorize the waiver of all or part of the program for a specific  
4 contract if the Commission determines that applying the program to the contract would  
5 conflict with **THE LAW OR** the overall objectives and responsibilities of the Commission;  
6 **[and**

7 (ii) require the Commission to report annually to the Montgomery  
8 County and Prince George's County Senate and House Delegations to the Maryland  
9 General Assembly on any waivers granted under this subsection;]

10 (10) **[except as provided in item (11) of this subsection, provide] ALLOW** for  
11 a system of granting a **PRICE** preference **[of up to the lesser of 5% or \$50,000]** to minority  
12 business enterprises in evaluating bids or proposals, **INCLUDING THE AVAILABILITY OF**  
13 **A GOOD FAITH WAIVER PROVISION FOR A PREFERENCE;**

14 (11) **[subject to subsection (d) of this section, establish a sheltered market**  
15 **program in which bidding on procurement contracts designated by the Commission as**  
16 **appropriate is restricted to certified minority business enterprises] AUTHORIZE THE**  
17 **ESTABLISHMENT OF A RACE-NEUTRAL PROGRAM TO ENCOURAGE FIRMS TO**  
18 **DEVELOP PRIME CONTRACTING EXPERIENCE AND EXPERTISE;**

19 (12) require the solicitation document accompanying each solicitation to set  
20 forth the regulations that establish the program; **AND**

21 (13) **[require the geographic location and the principal place of business of**  
22 **the minority business enterprise to be a consideration for participation in the program,**  
23 **including requiring Montgomery County businesses and Prince George's County businesses**  
24 **to each have a targeted percentage of at least 40% of any contracts; and**

25 (14)] authorize the Commission to:

26 (i) refuse to recognize the certification of a business found to be in  
27 violation of the purposes of the program; and

28 (ii) permanently bar an active principal of a violating business from  
29 future participation in the program.

1            [(c) Before accepting an alternative certification program under subsection (b)(2)  
2 of this section, the Commission shall examine the alternative program to ensure that:

3                    (1) the alternative program complies with the guidelines established under  
4 § 20–205 of this subtitle; and

5                    (2) the principal owner of an eligible minority business enterprise is in not  
6 more than one certified business that is participating in the Commission minority business  
7 enterprise utilization program under this section.

8            (d) (1) The sheltered market program established in subsection (b)(11) of this  
9 section may not be used until all less restrictive remedies under subsection (b) of this  
10 section and race–neutral remedies, including assistance with bonding requirements,  
11 financing, or bidding procedures for small firms, have been used and determined to be  
12 ineffective.

13                    (2) If at least three certified minority business enterprises bid on a contract  
14 under the sheltered market program, the Commission shall award the contract to the  
15 lowest bidder.

16                    (3) If fewer than three certified minority business enterprises bid on a  
17 contract under the sheltered market program, the contract shall be awarded under  
18 subsection (b)(10) of this section.]

19 [20–205.

20            (a) (1) A certifying agency shall determine bona fide minority group  
21 membership based on an individual’s claim that the individual is:

22                            (i) a member of a minority group; and

23                            (ii) regarded as a member by that minority community.

24                    (2) A certifying agency may determine that an individual’s claim under this  
25 subsection is invalid.

1           (b)   (1)   To be eligible for certification as a minority business enterprise and  
2 participation in a minority business enterprise utilization program under § 20–203 or §  
3 20–204 of this subtitle, a business shall meet the standards under this subsection.

4                   (2)   (i)   A minority business enterprise shall be an independent business.

5                           (ii) A certifying agency shall determine whether a business is  
6 independent by considering:

7                                   1.   the date the business was established;

8                                   2.   the adequacy of the resources of the business for the work  
9 required under the contract;

10                                  3.   the degree to which financial, equipment leasing, and  
11 other relationships with nonminority businesses vary from industry practice; and

12                                  4.   any other relevant factor.

13                   (3)   A minority owner shall have real, substantial, and continuing  
14 ownership and control of the business that goes beyond the pro forma ownership of the  
15 business as reflected in the ownership documents.

16                   (4)   A minority owner shall have the customary incidents of ownership and  
17 share in the risks and profits commensurate with the ownership interests in the business  
18 as demonstrated by an examination of the substance rather than the form of the  
19 arrangements.

20                   (5)   Recognition of the business as a separate entity for tax or corporate  
21 purposes is not necessarily sufficient for certification as a minority business enterprise.

22                   (6)   (i)   A minority owner shall have the power to:

23                                   1.   direct or cause the direction of the management and  
24 policies of the business; and

25                                  2.   make the day-to-day and major decisions on matters of  
26 management, policy, and operations for the business.

1                   (ii) The business may not be subject to a formal or informal  
2 restriction, including a bylaw, partnership agreement, or charter requirement for  
3 cumulative voting rights, that prevents a minority owner from making a business decision  
4 without the cooperation or vote of an owner who is not a minority.

5                   (7) (i) The business may not be operated disproportionately by the  
6 owners of the business who are not minorities.

7                   (ii) If the management of the business is contracted out to an  
8 individual other than the owner, the individual who has the ultimate power to hire and fire  
9 the managers may be considered as controlling the business.

10                  (8) (i) Minorities shall directly hold all securities that constitute  
11 ownership or control of a corporation for the purpose of establishing the corporation as a  
12 minority business enterprise.

13                   (ii) Securities held in trust or by a guardian for a minor may not be  
14 considered held by minorities in determining the ownership or control of a corporation.

15                  (9) A contribution of capital or expertise by a minority owner to acquire an  
16 interest in a business shall be real and substantial and may not include:

17                   (i) a promise to contribute capital;

18                   (ii) a note payable to the business or owners of the business who are  
19 not socially and economically disadvantaged; or

20                   (iii) participation as an employee and not as a manager.

21                  (c) In determining eligibility as a minority business enterprise, a certifying  
22 agency shall:

23                   (1) closely scrutinize a newly formed business, or a business for which the  
24 ownership or control has changed since the date of the advertisement of the contract, to  
25 determine the reason for the timing of the formation or change;

1           (2) carefully review a previous or continuing employer–employee  
2 relationship among present owners to ensure that an employee–owner has the  
3 management responsibilities and capabilities required under this section; and

4           (3) carefully review a relationship between a minority business enterprise  
5 and a business that is not a minority business enterprise that has an interest in the  
6 minority business enterprise to determine if the interest of the nonminority business  
7 conflicts with the ownership and control requirements of this section.]

8 **20–205.**

9           **(A) TO PARTICIPATE IN THE CONTRACT–SPECIFIC GOALS AND**  
10 **PREFERENCES AUTHORIZED UNDER THIS SUBTITLE, A BUSINESS MUST:**

11           **(1) BE CERTIFIED BY A CERTIFICATION AGENCY IN ACCORDANCE**  
12 **WITH TITLE 14, SUBTITLE 3 OF THE STATE FINANCE AND PROCUREMENT ARTICLE**  
13 **AND THE REGULATIONS ADOPTED UNDER THAT SUBTITLE;**

14           **(2) (I) BE CERTIFIED BY ANY CERTIFICATION AGENCY; AND**

15           **(II) SUBMIT ALL ADDITIONAL DOCUMENTATION NECESSARY**  
16 **FOR THE OFFICE TO DETERMINE THAT THE BUSINESS MEETS THE REQUIREMENTS**  
17 **OF TITLE 14, SUBTITLE 3 OF THE STATE FINANCE AND PROCUREMENT ARTICLE**  
18 **AND THE REGULATIONS ADOPTED UNDER THAT SUBTITLE; OR**

19           **(3) BE CERTIFIED UNDER A CERTIFICATION PROGRAM THAT THE**  
20 **COMMISSION DETERMINES SUBSTANTIALLY DUPLICATES THE REQUIREMENTS FOR**  
21 **A STATE CERTIFICATION AGENCY UNDER TITLE 14, SUBTITLE 3 OF THE STATE**  
22 **FINANCE AND PROCUREMENT ARTICLE AND THE REGULATIONS ADOPTED UNDER**  
23 **THAT SUBTITLE.**

24           **(B) TO SUBSTANTIALLY DUPLICATE THE REQUIREMENTS FOR A STATE**  
25 **CERTIFICATION AGENCY UNDER TITLE 14, SUBTITLE 3 OF THE STATE FINANCE AND**  
26 **PROCUREMENT ARTICLE AND THE REGULATIONS ADOPTED UNDER THAT SUBTITLE,**  
27 **A CERTIFICATION PROGRAM SHALL, AT A MINIMUM, HAVE CERTIFICATION**  
28 **REQUIREMENTS THAT ARE AT LEAST AS NARROWLY TAILORED AS THE STATE’S**  
29 **REQUIREMENTS IN TITLE 14, SUBTITLE 3 OF THE STATE FINANCE AND**

1 **PROCUREMENT ARTICLE AND THE REGULATIONS ADOPTED UNDER THAT SUBTITLE**  
2 **WITH RESPECT TO:**

- 3 (1) **BUSINESS OWNERSHIP AND CONTROL;**
- 4 (2) **BUSINESS SIZE STANDARDS;**
- 5 (3) **BUSINESS OWNER PERSONAL NET WORTH; AND**
- 6 (4) **BUSINESS OWNER SOCIAL AND ECONOMIC DISADVANTAGE.**

7 (c) **IF THE OFFICE DETERMINES THAT A BUSINESS SEEKING TO**  
8 **PARTICIPATE IN THE MINORITY BUSINESS ENTERPRISE UTILIZATION PROGRAM**  
9 **ESTABLISHED UNDER § 20–204 OF THIS SUBTITLE HAS A CERTIFICATION THAT DOES**  
10 **NOT SUBSTANTIALLY DUPLICATE THE REQUIREMENTS IN TITLE 14, SUBTITLE 3 OF**  
11 **THE STATE FINANCE AND PROCUREMENT ARTICLE AND THE REGULATIONS**  
12 **ADOPTED UNDER THAT SUBTITLE, THE OFFICE MAY:**

13 (1) **REQUEST AND EVALUATE DOCUMENTATION AND EVIDENCE**  
14 **NECESSARY TO DETERMINE WHETHER THE BUSINESS MAY BE AUTHORIZED TO**  
15 **PARTICIPATE IN PROGRAMS UNDER THIS SUBTITLE; AND**

16 (2) **FOLLOWING THE EVALUATION UNDER ITEM (1) OF THIS**  
17 **SUBSECTION, AUTHORIZE A BUSINESS TO PARTICIPATE IN PROGRAMS UNDER THIS**  
18 **SUBTITLE.**

19 20–206.

20 (a) The Office shall verify that a certified minority business enterprise listed in a  
21 schedule of participation is actually performing work and receiving compensation as  
22 established in the schedule.

23 (b) To facilitate the Office completing its duties under subsection (a) of this  
24 section, a contractor shall:

25 (1) allow the Office to inspect any relevant matter, including records and  
26 the job site;



- 1                   (2)    allow the Office to interview subcontractors and employees of the  
2 contractor;
- 3                   (3)    [if performing a construction contract,] ensure that subcontractors[:
- 4                           (i)    are paid any undisputed amount to which the subcontractor is  
5 entitled as provided under § 15–226 of the State Finance and Procurement Article; and
- 6                           (ii)] comply with Commission regulations;
- 7                   (4)    include in the agreement with the certified minority business  
8 enterprise subcontractor a requirement that the subcontractor submit a monthly report to  
9 the Commission that:
- 10                           (i)    identifies the prime contract; and
- 11                           (ii)   lists payments received from the contractor in the previous  
12 month and invoices sent to the contractor that have not been paid; and
- 13                   (5)    submit a monthly report to the Commission that lists:
- 14                           (i)    unpaid invoices that are more than 30 days old received from  
15 certified minority business enterprise subcontractors; and
- 16                           (ii)   the reason payments have not been made.
- 17           (c)   (1)   (i)    On completion of a contract or before final payment or release of  
18 retainage, the Commission may require a [general] **PRIME** contractor on a contract having  
19 a minority business enterprise subcontracting goal to submit to the Commission a final  
20 report of all payments made to or withheld from minority business enterprise  
21 subcontractors.
- 22                           (ii)   The final report shall be in affidavit form and under the penalties  
23 for perjury.
- 24                   (2)    Each solicitation shall contain notice of the requirements of this  
25 subsection.

1 (d) (1) On a finding that a contractor is noncompliant, the Commission shall  
2 notify the contractor in writing of the findings and state the required corrective action.

3 (2) A noncompliant contractor shall:

4 (i) initiate the corrective action within 10 days after receiving the  
5 written notice; and

6 (ii) complete the corrective action within the time specified by the  
7 Commission.

8 (e) If the Commission finds that a [general] **PRIME** contractor is in material  
9 noncompliance with minority business enterprise contract provisions and the [general]  
10 **PRIME** contractor fails to take the corrective action required by the Commission, the  
11 Commission may:

12 (1) terminate the contract;

13 (2) refer the [general] **PRIME** contractor to the [general manager of the  
14 Commission or the full Commission] **RELEVANT PERSON** for appropriate action; or

15 (3) initiate any other specific remedy identified in the contract.

16 20–207.

17 (a) By October 31 of each year, the Commission shall issue a report to the  
18 Montgomery County and Prince George’s County Senate and House Delegations to the  
19 Maryland General Assembly concerning:

20 (1) the implementation and administration of the minority business  
21 enterprise programs under this subtitle for the fiscal year ending on the preceding June 30;  
22 and

23 (2) appropriate recommendations concerning the programs.

24 (b) (1) The Commission may conduct an impartial fact–finding study in  
25 connection with a minority business enterprise program for consistency with applicable  
26 law.

1                   (2)     The Commission shall report the findings of a study completed under  
2 this subsection to the Montgomery County and Prince George’s County Senate and House  
3 Delegations to the Maryland General Assembly.

4     20–208.

5                   This subtitle shall be of no effect and may not be enforced after July 1, [2023] **2028**.

6     20–302.

7                   (a)     By resolution or adopting regulations, the Commission may establish a local  
8 small business enterprise program.

9                   (b)     The Office of Supplier Diversity and Inclusion, established under [§ 20–202]  
10 **§ 20–203** of this title, shall administer the program.

11                   SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June  
12 1, 2023.