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## HOUSE BILL NO. 1936

Offered January 9, 2013

Prefiled January 9, 2013

A BILL to amend and reenact §§ 2.2-1401 and 2.2-4310 of the Code of Virginia, relating to the Department of Minority Business Enterprise; definition of small business.

Patron—Lopez

Referred to Committee on General Laws

**Be it enacted by the General Assembly of Virginia:**

**1. That §§ 2.2-1401 and 2.2-4310 of the Code of Virginia are amended and reenacted as follows:**

**§ 2.2-1401. Definitions.**

As used in this chapter unless the context requires a different meaning:

"Certification" means the process by which a business is determined to be a small, women-owned, or minority-owned business for the purpose of reporting small, women-owned, and minority-owned business participation in state contracts and purchases pursuant to §§ 2.2-1404 and 2.2-1405.

"Employment services organization" means an organization that provides community-based employment services to individuals with disabilities that is an approved Commission on Accreditation of Rehabilitation Facilities (CARF) accredited vendor of the Department for Aging and Rehabilitative Services.

"Minority individual" means an individual who is a citizen of the United States or a legal resident alien and who satisfies one or more of the following definitions:

1. "African American" means a person having origins in any of the original peoples of Africa and who is regarded as such by the community of which this person claims to be a part.

2. "Asian American" means a person having origins in any of the original peoples of the Far East, Southeast Asia, the Indian subcontinent, or the Pacific Islands, including but not limited to Japan, China, Vietnam, Samoa, Laos, Cambodia, Taiwan, Northern Mariana, the Philippines, a U.S. territory of the Pacific, India, Pakistan, Bangladesh, or Sri Lanka and who is regarded as such by the community of which this person claims to be a part.

3. "Hispanic American" means a person having origins in any of the Spanish-speaking peoples of Mexico, South or Central America, or the Caribbean Islands or other Spanish or Portuguese cultures and who is regarded as such by the community of which this person claims to be a part.

4. "Native American" means a person having origins in any of the original peoples of North America and who is regarded as such by the community of which this person claims to be a part or who is recognized by a tribal organization.

"Minority-owned business" means a business that is at least 51 percent owned by one or more minority individuals who are U.S. citizens or legal resident aliens, or in the case of a corporation, partnership, or limited liability company or other entity, at least 51 percent of the equity ownership interest in the corporation, partnership, or limited liability company or other entity is owned by one or more minority individuals who are U.S. citizens or legal resident aliens, and both the management and daily business operations are controlled by one or more minority individuals.

"Small business" means a business that is at least 51 percent independently owned and controlled by one or more individuals who are U.S. citizens or legal resident aliens, and together with affiliates, has 250 or fewer employees, or average annual gross receipts of \$10 million or less averaged over the previous three years. One or more of the individual owners shall control both the management and daily business operations of the small business located in Virginia that meets the definition of a small business concern as defined in the federal Small Business Act (15 U.S.C. § 631 et seq.), as amended, and relevant regulations promulgated thereto. A business shall be deemed to be located in Virginia if the business has been organized pursuant to Virginia law or maintains a principal place of business within Virginia.

"State agency" means any authority, board, department, instrumentality, institution, agency, or other unit of state government. "State agency" shall not include any county, city, or town.

"Women-owned business" means a business that is at least 51 percent owned by one or more women who are U.S. citizens or legal resident aliens, or in the case of a corporation, partnership, or limited liability company or other entity, at least 51 percent of the equity ownership interest is owned by one or more women who are citizens of the United States or legal resident aliens, and both the management and daily business operations are controlled by one or more women.

**§ 2.2-4310. Discrimination prohibited; participation of small, women-, minority- and service**

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**59 disabled veteran-owned business.**

**60** A. In the solicitation or awarding of contracts, no public body shall discriminate against a bidder or  
**61** offeror because of race, religion, color, sex, national origin, age, disability, status as a service disabled  
**62** veteran, or any other basis prohibited by state law relating to discrimination in employment. Whenever  
**63** solicitations are made, each public body shall include businesses selected from a list made available by  
**64** the Department of Minority Business Enterprise.

**65** B. All public bodies shall establish programs consistent with this chapter to facilitate the participation  
**66** of small businesses and businesses owned by women, minorities, and service disabled veterans in  
**67** procurement transactions. The programs established shall be in writing and shall comply with the  
**68** provisions of any enhancement or remedial measures authorized by the Governor pursuant to subsection  
**69** C or, where applicable, by the chief executive of a local governing body pursuant to § 15.2-965.1, and  
**70** shall include specific plans to achieve any goals established therein. State agencies shall submit annual  
**71** progress reports on small, women- and minority-owned business procurement and on service disabled  
**72** veteran-owned business procurement to the Department of Minority Business Enterprise in a form  
**73** specified by the Department of Minority Business Enterprise. The Department of Minority Business  
**74** Enterprise shall make information on service disabled veteran-owned procurement available to the  
**75** Department of Veterans Services upon request.

**76** C. Whenever there exists (i) a rational basis for small business enhancement or (ii) a persuasive  
**77** analysis that documents a statistically significant disparity between the availability and utilization of  
**78** women- and minority-owned businesses, the Governor is authorized and encouraged to require state  
**79** agencies to implement appropriate enhancement or remedial measures consistent with prevailing law.

**80** D. In the solicitation or awarding of contracts, no state agency, department or institution shall  
**81** discriminate against a bidder or offeror because the bidder or offeror employs ex-offenders unless the  
**82** state agency, department or institution has made a written determination that employing ex-offenders on  
**83** the specific contract is not in its best interest.

**84** E. As used in this section:

**85** "Minority individual" means an individual who is a citizen of the United States or a legal resident  
**86** alien and who satisfies one or more of the following definitions:

**87** 1. "African American" means a person having origins in any of the original peoples of Africa and  
**88** who is regarded as such by the community of which this person claims to be a part.

**89** 2. "Asian American" means a person having origins in any of the original peoples of the Far East,  
**90** Southeast Asia, the Indian subcontinent, or the Pacific Islands, including but not limited to Japan, China,  
**91** Vietnam, Samoa, Laos, Cambodia, Taiwan, Northern Mariana, the Philippines, a U.S. territory of the  
**92** Pacific, India, Pakistan, Bangladesh, or Sri Lanka and who is regarded as such by the community of  
**93** which this person claims to be a part.

**94** 3. "Hispanic American" means a person having origins in any of the Spanish-speaking peoples of  
**95** Mexico, South or Central America, or the Caribbean Islands or other Spanish or Portuguese cultures and  
**96** who is regarded as such by the community of which this person claims to be a part.

**97** 4. "Native American" means a person having origins in any of the original peoples of North America  
**98** and who is regarded as such by the community of which this person claims to be a part or who is  
**99** recognized by a tribal organization.

**100** "Minority-owned business" means a business that is at least 51% owned by one or more minority  
**101** individuals who are U.S. citizens or legal resident aliens, or in the case of a corporation, partnership, or  
**102** limited liability company or other entity, at least 51% of the equity ownership interest in the  
**103** corporation, partnership, or limited liability company or other entity is owned by one or more minority  
**104** individuals who are U.S. citizens or legal resident aliens, and both the management and daily business  
**105** operations are controlled by one or more minority individuals.

**106** "Service disabled veteran" means a veteran who (i) served on active duty in the United States  
**107** military ground, naval, or air service, (ii) was discharged or released under conditions other than  
**108** dishonorable, and (iii) has a service-connected disability rating fixed by the United States Department of  
**109** Veterans Affairs.

**110** "Service disabled veteran business" means a business that is at least 51% owned by one or more  
**111** service disabled veterans or, in the case of a corporation, partnership, or limited liability company or  
**112** other entity, at least 51% of the equity ownership interest in the corporation, partnership, or limited  
**113** liability company or other entity is owned by one or more individuals who are service disabled veterans  
**114** and both the management and daily business operations are controlled by one or more individuals who  
**115** are service disabled veterans.

**116** "Small business" means a business, independently owned and controlled by one or more individuals  
**117** who are U.S. citizens or legal resident aliens, and together with affiliates, has 250 or fewer employees,  
**118** or annual gross receipts of \$10 million or less averaged over the previous three years. One or more of  
**119** the individual owners shall control both the management and daily business operations of the small  
**120** business located in Virginia that meets the definition of a small business concern as defined in the

121 *federal Small Business Act (15 U.S.C. § 631 et seq.), as amended, and relevant regulations promulgated*  
122 *thereto. A business shall be deemed to be located in Virginia if the business has been organized*  
123 *pursuant to Virginia law or maintains a principal place of business within Virginia.*

124 "State agency" means any authority, board, department, instrumentality, institution, agency, or other  
125 unit of state government. "State agency" shall not include any county, city, or town.

126 "Women-owned business" means a business that is at least 51% owned by one or more women who  
127 are U.S. citizens or legal resident aliens, or in the case of a corporation, partnership, or limited liability  
128 company or other entity, at least 51% of the equity ownership interest is owned by one or more women  
129 who are U.S. citizens or legal resident aliens, and both the management and daily business operations  
130 are controlled by one or more women.