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HOUSE BILL NO. 781

Offered January 11, 2012

Prefiled January 11, 2012

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 Enterprises; 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.

"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% 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% 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% 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% 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% 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-owned, minority-owned, and service disabled veteran-owned business.

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

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59 the Department of Minority Business Enterprise.

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

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

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

80 E. As used in this section:

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

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

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

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

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

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

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

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

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

120 "State agency" means any authority, board, department, instrumentality, institution, agency, or other

121 unit of state government. "State agency" shall not include any county, city, or town.
122 "Women-owned business" means a business that is at least ~~51%~~ *51 percent* owned by one or more
123 women who are U.S. citizens or legal resident aliens, or in the case of a corporation, partnership, or
124 limited liability company or other entity, at least ~~51%~~ *51 percent* of the equity ownership interest is
125 owned by one or more women who are U.S. citizens or legal resident aliens, and both the management
126 and daily business operations are controlled by one or more women.

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