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HOUSE BILL NO. 1554

Offered January 18, 2008

A BILL to amend and reenact § 2.2-1402 of the Code of Virginia and to amend the Code of Virginia by adding a section numbered 2.2-4310.1, relating to the Virginia Public Procurement Act; small, women-, or minority-owned businesses.

Patron—McClellan

Referred to Committee on General Laws

Be it enacted by the General Assembly of Virginia:

1. That § 2.2-1402 of the Code of Virginia is amended and reenacted and that the Code of Virginia is amended by adding a section numbered 2.2-4310.1 as follows:

§ 2.2-1402. Additional powers and duties of Department.

The Department shall have the following additional powers and duties:

1. Coordinate as consistent with prevailing law the plans, programs and operations of the state government that affect or may contribute to the establishment, preservation, and strengthening of small, women- and minority-owned businesses.

2. Promote the mobilization of activities and resources of state and local governments, businesses and trade associations, universities, foundations, professional organizations, and volunteer and other groups towards the growth of small businesses and businesses owned by women and minorities, and facilitate the coordination of the efforts of these groups with those of state departments and agencies.

3. Establish a center for the development, collection, summarization, and dissemination of information that will be helpful to persons and organizations throughout the nation in undertaking or promoting procurement from small, women- and minority-owned businesses.

4. Consistent with prevailing law and availability of funds, and according to the Director's discretion, provide technical and management assistance to small, women- and minority-owned businesses, and defray all or part of the costs of pilot or demonstration projects that are designed to overcome the special problems of small, women- and minority-owned businesses.

5. Manage the Capital Access Fund for Disadvantaged Businesses created pursuant to § 2.2-2311, and, in cooperation with the Small Business Financing Authority, determine the qualifications, terms, and conditions for the use of such Fund.

6. Implement any remediation or enhancement measure for small, women- or minority-owned businesses as may be authorized by the Governor pursuant to subsection C of § 2.2-4310 or § 2.2-4310.1, and develop regulations, consistent with prevailing law, for program implementation. Such regulations shall be developed in consultation with the state agencies with procurement responsibility and promulgated by those agencies in accordance with applicable law.

§ 2.2-4310.1. *Participation of small, women-, and minority-owned businesses; HUB Zones.*

A. In addition to the provisions of § 2.2-4310, the Department of General Services, in conjunction with the Department of Minority Business Enterprise, shall develop a program that insures that at least 15 percent of state procurement contracts are awarded to small, women-, and minority-owned businesses located in historically underutilized business zones (HUB Zones) that meet the following requirements:

1. More than 50 percent of the assets of the business are located in Virginia;

2. More than 50 percent of the employees of the business are located in Virginia's HUB Zone overlay districts;

3. The owners of more than 50 percent of the business are residents of Virginia; and

4. The average annualized gross receipts of the business for the three years immediately preceding certification by the Department of Minority Business Enterprise do not exceed the following limits:

a. Construction, \$30 million;

b. Financial institutions, \$200 million;

c. Goods and equipment, \$10 million;

d. General services, \$20 million; or

e. Professional services, \$10 million.

B. The Department of Minority Business Enterprise shall certify eligible small, women-, and minority-owned businesses for participation in the program in accordance with subdivision 6 of § 2.2-1402.

C. For the purposes of this section:

"HUB Zone" means an area that is located in one or more of the following: (i) a qualified census tract as defined in § 42 (d) (5) (C) (ii) (I) of the Internal Revenue Code; (ii) a qualified nonmetropolitan

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59 county as defined in § 143 (k) (2) (B) of the Internal Revenue Code, with a median household income of
60 less than 80 percent of the state median household income or with an unemployment rate of not less
61 than 140 percent of the statewide average, based on U.S. Department of Labor recent data; or (iii)
62 lands within the boundaries of federally recognized Indian reservations.
63 "Small, women-, and minority-owned business" means the same as those terms are defined in
64 § 2.2-4310.