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SENATE BILL NO. 584  
FLOOR AMENDMENT IN THE NATURE OF A SUBSTITUTE  
(Proposed by Senator DeSteph  
on February 2, 2018)

(Patron Prior to Substitute—Senator DeSteph)

A BILL to amend and reenact §§ 2.2-1604, 2.2-1605, 2.2-4310, and 2.2-4310.3 of the Code of Virginia and to amend the Code of Virginia by adding a section numbered 2.2-4310.1:1, relating to Virginia Public Procurement Act; service disabled veteran businesses procurement enhancement program.

Be it enacted by the General Assembly of Virginia:

1. That §§ 2.2-1604, 2.2-1605, 2.2-4310, and 2.2-4310.3 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding a section numbered 2.2-4310.1:1 as follows:

§ 2.2-1604. Definitions.

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

"Certification" means the process by which (i) a business is determined to be a small, women-owned, or minority-owned business or (ii) an employment services organization, for the purpose of reporting small, women-owned, and minority-owned business and employment services organization participation in state contracts and purchases pursuant to §§ 2.2-1608 and 2.2-1610.

"Department" means the Department of Small Business and Supplier Diversity or any division of the Department to which the Director has delegated or assigned duties and responsibilities.

"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.

"Historically black colleges and university" includes any college or university that was established prior to 1964; whose principal mission was, and is, the education of black Americans; and that is accredited by a nationally recognized accrediting agency or association determined by the Secretary of Education.

"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 Islands, 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, or any historically black college or university, regardless of the percentage ownership by minority individuals or, in the case of a corporation, partnership, or limited liability company or other entity, the equity ownership interest in the corporation, partnership, or limited liability company or other entity.

"Service disabled veteran business" means the same as that term is defined in § 2.2-4310.

"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.

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

60 unit of state government. "State agency" does not include any county, city, or town.

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

66 **§ 2.2-1605. Powers and duties of Department.**

67 A. The Department shall have the following powers and duties:

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

71 2. Promote the mobilization of activities and resources of state and local governments, businesses and  
72 trade associations, baccalaureate institutions of higher education, foundations, professional organizations,  
73 and volunteer and other groups towards the growth of small businesses and businesses owned by women  
74 and minorities, and facilitate the coordination of the efforts of these groups with those of state  
75 departments and agencies;

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

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

83 5. Advise the Small Business Financing Authority on the management and administration of the  
84 Small, Women-owned, and Minority-owned Business Loan Fund created pursuant to § 2.2-2311.1;

85 6. Implement *the service disabled veteran business procurement enhancement program established*  
86 *pursuant to § 2.2-4310.1:1 and any remediation or enhancement measure for small, women-owned, or*  
87 *minority-owned businesses as may be authorized by the Governor pursuant to subsection C of*  
88 *§ 2.2-4310 and develop regulations, consistent with prevailing law, for program implementation. Such*  
89 *regulations shall be developed in consultation with the state agencies with procurement responsibility*  
90 *and promulgated by those agencies in accordance with applicable law; and*

91 7. Receive and coordinate, with the appropriate state agency, the investigation of complaints that a  
92 business certified pursuant to this chapter has failed to comply with its subcontracting plan under  
93 subsection D of § 2.2-4310. If the Department determines that a business certified pursuant to this  
94 chapter has failed to comply with the subcontracting plan, the business shall provide a written  
95 explanation.

96 B. In addition, the Department shall serve as the liaison between the Commonwealth's existing  
97 businesses and state government in order to promote the development of Virginia's economy. To that  
98 end, the Department shall:

99 1. Encourage the training or retraining of individuals for specific employment opportunities at new or  
100 expanding business facilities in the Commonwealth;

101 2. Develop and implement programs to assist small businesses in the Commonwealth in order to  
102 promote their growth and the creation and retention of jobs for Virginians;

103 3. Establish an industry program that is the principal point of communication between basic  
104 employers in the Commonwealth and the state government that will address issues of significance to  
105 business;

106 4. Make available to existing businesses, in conjunction and cooperation with localities, chambers of  
107 commerce, and other public and private groups, basic information and pertinent factors of interest and  
108 concern to such businesses;

109 5. Develop statistical reports on job creation and the general economic conditions in the  
110 Commonwealth; and

111 6. Administer the Small Business Jobs Grant Fund Program described in Article 2 (§ 2.2-1611 et  
112 seq.).

113 C. All agencies of the Commonwealth shall assist the Department upon request and furnish such  
114 information and assistance as the Department may require in the discharge of its duties.

115 **§ 2.2-4310. Discrimination prohibited; participation of small, women-owned, minority-owned,**  
116 **and service disabled veteran-owned business and employment services organization.**

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

122 organizations certified by the Department.

123 B. All public bodies shall establish programs consistent with this chapter to facilitate the participation  
124 of small businesses, businesses owned by women, minorities, and service disabled veterans, and  
125 employment services organizations in procurement transactions. The programs established shall be in  
126 writing and shall comply with *the service disabled veteran business procurement enhancement program*  
127 *established pursuant to § 2.2-4310.1:1* and the provisions of any enhancement or remedial measures  
128 authorized by the Governor pursuant to subsection C or, where applicable, by the chief executive of a  
129 local governing body pursuant to § 15.2-965.1, and shall include specific plans to achieve any goals  
130 established therein. State agencies shall submit annual progress reports on (i) small, women-owned, and  
131 minority-owned business procurement, (ii) service disabled veteran-owned business procurement, and  
132 (iii) employment services organization procurement to the Department of Small Business and Supplier  
133 Diversity in a form specified by the Department of Small Business and Supplier Diversity. Contracts and  
134 subcontracts awarded to employment services organizations shall be credited toward the small business,  
135 women-owned, and minority-owned business contracting and subcontracting goals of state agencies and  
136 contractors. The Department of Small Business and Supplier Diversity shall make information on service  
137 disabled veteran-owned procurement available to the Department of Veterans Services upon request.

138 C. Whenever there exists (i) a rational basis for small business or employment services organization  
139 enhancement or (ii) a persuasive analysis that documents a statistically significant disparity between the  
140 availability and utilization of women-owned and minority-owned businesses, the Governor is authorized  
141 and encouraged to require state agencies to implement appropriate enhancement or remedial measures  
142 consistent with prevailing law. Any enhancement or remedial measure authorized by the Governor  
143 pursuant to this subsection for state public bodies may allow for small businesses certified by the  
144 Department of Small Business and Supplier Diversity or a subcategory of small businesses established as  
145 a part of the enhancement program to have a price preference over noncertified businesses competing for  
146 the same contract award on designated procurements, provided that the bid of the certified small  
147 business or the business in such subcategory of small businesses established as a part of an enhancement  
148 program does not exceed the low bid by more than five percent.

149 D. In awarding a contract for services to a small, women-owned, or minority-owned business that is  
150 certified in accordance with § 2.2-1606, or to a business identified by a public body as a service  
151 disabled veteran-owned business where the award is being made pursuant to an enhancement or remedial  
152 program as provided in subsection C, the public body shall include in every such contract of more than  
153 \$10,000 the following:

154 "If the contractor intends to subcontract work as part of its performance under this contract, the  
155 contractor shall include in the proposal a plan to subcontract to small, women-owned, minority-owned,  
156 and service disabled veteran-owned businesses."

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

161 F. As used in this section:

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

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

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

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

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

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

181 "Minority-owned business" means a business that is at least 51 percent owned by one or more  
182 minority individuals who are U.S. citizens or legal resident aliens, or in the case of a corporation,

183 partnership, or limited liability company or other entity, at least 51 percent of the equity ownership  
184 interest in the corporation, partnership, or limited liability company or other entity is owned by one or  
185 more minority individuals who are U.S. citizens or legal resident aliens, and both the management and  
186 daily business operations are controlled by one or more minority individuals, or any historically black  
187 college or university as defined in § 2.2-1604, regardless of the percentage ownership by minority  
188 individuals or, in the case of a corporation, partnership, or limited liability company or other entity, the  
189 equity ownership interest in the corporation, partnership, or limited liability company or other entity.

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

194 "Service disabled veteran business" means a business that is at least 51 percent owned by one or  
195 more service disabled veterans or, in the case of a corporation, partnership, or limited liability company  
196 or other entity, at least 51 percent of the equity ownership interest in the corporation, partnership, or  
197 limited liability company or other entity is owned by one or more individuals who are service disabled  
198 veterans and both the management and daily business operations are controlled by one or more  
199 individuals who are service disabled veterans.

200 "Small business" means a business, independently owned and controlled by one or more individuals  
201 who are U.S. citizens or legal resident aliens, and together with affiliates, has 250 or fewer employees,  
202 or annual gross receipts of \$10 million or less averaged over the previous three years. One or more of  
203 the individual owners shall control both the management and daily business operations of the small  
204 business.

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

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

212 **§ 2.2-4310.1:1. Service disabled veteran business procurement enhancement program; report.**

213 A. As used in this section:

214 "Program" means the service disabled veteran business procurement enhancement program.

215 "Service disabled veteran business" means a business concern that is at least 51 percent owned by  
216 one or more service disabled veterans or, in the case of a corporation, partnership, or limited liability  
217 company or other entity, at least 51 percent of the equity ownership interest in the corporation,  
218 partnership, or limited liability company or other entity is owned by one or more individuals who are  
219 service disabled veterans and both the management and daily business operations are controlled by one  
220 or more individuals who are service disabled veterans. "Service disabled veteran business" includes a  
221 joint venture where at least one member of such joint venture is a service disabled veteran business and  
222 a small business.

223 "Small business" means the same as that term is defined in § 2.2-4310.

224 "State agency" means any authority, board, department, instrumentality, institution, agency, or other  
225 unit of state government, including public institutions of higher education.

226 B. It shall be the policy of the Commonwealth, to the greatest extent possible, to facilitate the  
227 participation of service disabled veteran businesses in state procurement. To that end, a service disabled  
228 veteran business procurement enhancement plan is hereby established. The goal of the Program shall be  
229 the achievement of five percent of service disabled veteran business utilization in all discretionary  
230 spending by state agencies in procurement orders, prime contracts, and subcontracts. The Department of  
231 Small Business and Supplier Diversity shall be responsible for implementing the Program.

232 C. The Program shall include a set-aside for competition among all service disabled veteran  
233 businesses for state agency purchases when the price quoted is fair and reasonable.

234 D. Each state agency subject to the provisions of this section shall designate an existing employee as  
235 a procurement equity officer whose responsibility shall be to ensure equity for service disabled veteran  
236 businesses in (i) the solicitation of procurement proposals and bids and (ii) the award of contracts.

237 E. The Department of Small Business and Supplier Diversity, in conjunction with the Department of  
238 General Services, the Virginia Information Technologies Agency, the Department of Transportation, and  
239 public institutions of higher education that have executed a valid management agreement under the  
240 Restructured Higher Education Financial and Administrative Operations Act (§ 23.1-1000 et seq.), shall  
241 implement initiatives to enhance the development of service disabled veteran businesses in the  
242 Commonwealth, including:

243 1. Provision of information regarding access to capital, including contract financing and bonding  
244 support and other opportunities for economic development;

- 245 2. *Management and technical assistance programs;*
- 246 3. *Partnerships and outreach with local business groups and other organizations to develop a diverse*
- 247 *vendor base; and*
- 248 4. *Statewide mentor and joint venture programs.*

249 *F. On or before November 30 of each year, the Director of the Department of Small Business and*  
250 *Supplier Diversity shall report to the Governor and the General Assembly on the implementation and*  
251 *effectiveness of the Program.*

252 **§ 2.2-4310.3. Fiscal data pertaining to certain enhancement or remedial measures.**

253 The Department of General Services shall make available a dashboard of purchase order reports from  
254 the Commonwealth's statewide electronic procurement system known as eVA. The dashboard shall  
255 include aggregated data showing (i) current fiscal year purchase orders, (ii) purchase orders from *the*  
256 *service disabled veteran businesses procurement enhancement program established pursuant to*  
257 *§ 2.2-4310.1:1 for the previous fiscal year, and (iii) other relevant data derived from any enhancement*  
258 *or remedial measure implemented by the Governor pursuant to subsection C of § 2.2-4310.*