



New 60% Rule

Presented by GOSBA at 11/16/17 SPAG Meeting



Chapter 438, Laws of Maryland 2017 (SB309), Section 2

- Effective October 1, 2017
- Based on Federal Disadvantaged Business Enterprise (DBE) rules regarding counting supplies



Counting MBE Suppliers –How?

MBE Suppliers Crediting Classifications =

1. MBE Manufacturers
2. Furnish & Install
3. MBE Regular Dealers
4. MBE Brokers (not a manufacturer or regular dealer)



MANUFACTURERS

- ▶ If the materials or supplies are obtained from a MBE certified in the appropriate NAICS code(s) to provide products and services as a **manufacturer**, count 100 percent of the cost of the material or supplies toward MBE goals.



FURNISH & INSTALL

- If a vendor is a certified MBE supplier, wholesaler, and/or Regular Dealer certified in the proper NAICS code(s) is a manufacturer or wholesale merchant to **furnishes supplies** and **install materials** necessary for successful Contract completion, count 100 percent of the cost of the material, supplies and labor toward MBE goals.



Regular Dealer

- ▶ A regular dealer is defined in the statute as: a firm that owns, operates, or maintains a store, a warehouse, or other establishment in which the materials, supplies, articles, or equipment are of the general character described by the specifications required under the Contract are bought, kept in stock, or regularly sold or leased to the public in the usual course of business; and
- ▶ Does not include a packager, a broker, a manufacturer's representative, or any other person that arranges or expedites transactions.
- ▶ If the materials or supplies are purchased from an **MBE Regular Dealer**, count 60 percent of the material or supplies toward MBE goals.



Broker

- ▶ For materials or supplies purchased from a certified MBE that is neither a manufacturer nor a Regular Dealer, but rather a **broker**, count the entire amount of fees or commissions charged for assistance in the procurement of the material and supplies, fees, transportation charges for the delivery of materials and supplies required on a procurement, towards the MBE Contract goals, provided you determine the fees to be reasonable and not excessive as compared with fees customarily allowed for similar services. Do not count any portion of the cost of the materials and supplies themselves toward MBE goals.



Summary

- Supplies from MBE **manufacturer** = **Count 100%** of cost of materials towards project MBE goal
- Supplies from MBE manufacturer or Regular Dealer that **furnishes and installs** = **Count 100%** of cost of materials towards project MBE goal
- Supplies from MBE **Regular Dealer** = **Count 60%** of cost of materials towards project MBE goal
- Supplies from MBE **broker** = **Count only the fee or commission** the broker charges for the procurement counts towards the project MBE goal if you determine the fee to be reasonable and not excessive as compared with fees customarily allowed for similar services