

# Appendix G

## Relevant Statutory And Regulatory Provisions

### Article - State Finance and Procurement §3-610.

- (a) In this section, “Department” means the Department of General Services.
- (b) This section applies to a capital project that receives at least \$3,000,000 in State funds in a single fiscal year and is funded in the annual State capital budget as:
  - (1) a miscellaneous grant program;
  - (2) a local House of Delegates initiative; or
  - (3) a local Senate initiative.
- (c)
  - (1) Prior to the release of State funds for a capital project that meets the conditions of subsection (b) of this section, the Governor’s Office of Small, Minority, and Women Business Affairs shall:
    - (i) review the capital project for subcontracting opportunities under the provisions of Title 14, Subtitle 3 of this article; and
    - (ii) if practicable, establish minority business enterprise subgoals for the capital project.
  - (2) In setting subgoals under this subsection, the Governor’s Office of Small, Minority, and Women Business Affairs shall consider the availability and capacity of minority business enterprises in Maryland and in the county where the project is located to fulfill the subgoal.
- (d)
  - (1) If the Governor’s Office of Small, Minority, and Women Business Affairs establishes minority business enterprise subgoals for the capital project, the recipient of the State funds shall:
    - (i) certify to the Department that the recipient expects to achieve the subgoals; or
    - (ii) request a waiver of all or part of the subgoals from the Governor’s Office of Small, Minority, and Women Business Affairs.
  - (2) The Governor’s Office of Small, Minority, and Women Business Affairs shall review a request for a waiver under paragraph (1)(ii) of this subsection and report the revised subgoals for the capital project to the Department.
- (e)
  - (1) On or before July 31 each year, the Department shall submit an annual report to the Governor and, in accordance with §2-1257 of the State Government Article, the General Assembly on the number of waivers granted for capital projects that meet the conditions of subsection (b) of this section in the prior fiscal year.
  - (2) The report shall include:
    - (i) a description of the capital project;
    - (ii) whether the waiver was a partial or full waiver; and
    - (iii) the justification for the waiver.

**Article - State Finance and Procurement**  
**§8-128.**

- (a) If, within 2 years after the date of an authorization of State debt, evidence that a required matching fund will be provided has not been presented to the Board or no part of the project or program for which the enabling act authorized the State debt is under contract and the Board has not encumbered money for any part of the project or program, the authorization terminates unless:
  - (1) the enabling act provides otherwise; or
  - (2) in an emergency, the Board unanimously grants a temporary exception for a period of 1 year.
- (b) Unless otherwise provided in an enabling act, an authorization of State debt for a project or program shall terminate no later than 1 year after the abandonment, completion, or acceptance of the project or program, as determined by the Board.
- (c) Except to the extent that money authorized by an enabling act for a State project or program has been encumbered by the Board, an authorization of State debt shall automatically terminate 7 years after the date of the authorization, unless:
  - (1) the enabling act provides otherwise; or
  - (2) in an emergency, the Board unanimously grants a temporary exception for 1 year.
- (d) If bonds have not been issued, the amount of any unissued bonds from a terminated authorization shall be canceled and be of no further effect.
- (e) If bonds have been issued, the amount of any unspent bond proceeds from a terminated authorization shall be disposed of as provided in §8-129 of this subtitle.
- (f)
  - (1) The Board shall enforce the provisions of this section.
  - (2) A failure to comply with or give effect to the provisions of this section may not affect the validity or enforceability of State debt.
- (g) The Board shall submit for publication in the Maryland Register a notice of any authorization of State debt that has been terminated or extended under this section; the notice shall include the chapter number and year of enactment of the enabling act and each amendment to the enabling act.
- (h) A termination or extension under this section may become effective only after the publication of notice in the Maryland Register.
- (i)
  - (1) The Treasurer, in consultation with the Comptroller, shall submit a report on January 1 each year to the Governor and, in accordance with §2-1257 of the State Government Article, the General Assembly.
  - (2) The report shall list all projects or programs for which authorization would be terminated in the upcoming year under the provisions in this section or §7-305 of this article.

**Article - Business Regulation**  
**§19-106.**

- (a) (1) In this section the following words have the meanings indicated.
- (2) “Entity” means:
  - (i) a commercial enterprise or business that is in good standing with the State Department of Assessments and Taxation and is:
    - 1. incorporated in the State; or
    - 2. registered to do business in the State; or
  - (ii) a corporation, foundation, school, hospital, or other legal entity for which none of the net earnings inure to the benefit of any private shareholder or individual holding an interest in the entity.
- (3) “State benefit” means:
  - (i) State capital grant funding totaling \$1,000,000 or more in a single fiscal year;
  - (ii) State tax credits totaling \$1,000,000 or more in a single fiscal year; or
  - (iii) the receipt of a State contract with a total value of \$1,000,000 or more.
- (4) “State contract” means a contract that:
  - (i) resulted from a competitive procurement process; and
  - (ii) is not federally funded in any way.
- (5) “Underrepresented community” means a community whose members self-identify:
  - (i) as Black, African American, Hispanic, Latino, Asian, Pacific Islander, Native American, Native Hawaiian, or Alaska Native; or
  - (ii) with one or more of the racial or ethnic groups listed in item (i) of this paragraph.
- (b) This section does not apply to:
  - (1) a sole proprietor;
  - (2) a limited liability company owned by a single member;
  - (3) a privately held company if at least 75% of the company’s shareholders are family members; or
  - (4) an entity that:
    - (i) has an annual operating budget or annual sales less than \$5,000,000; and
    - (ii) does not qualify for a State benefit.
- (c) An entity may not qualify for a State benefit unless the entity is able to demonstrate:
  - (1) membership of underrepresented communities in the entity’s board or executive leadership; or
  - (2) support for underrepresented communities in the entity’s mission.
- (d) The Department of Commerce and the Office of Small, Minority, and Women Business Affairs shall:
  - (1) develop and maintain a State Equity Report that compiles diversity data for each entity on:
    - (i) the membership of underrepresented communities in the entity’s board or executive leadership; and
    - (ii) the support of underrepresented communities in the entity’s mission; and
  - (2) adopt regulations to carry out this section, including directives for State agencies and entities to comply with the requirements in this section.

**Title 24 Department of Commerce  
Subtitle 01 Office of the Secretary  
Chapter 07 Corporate Diversity Authority: Business Regulation Article, §19-106;  
Economic Development Article, §2-108;  
Annotated Code of Maryland**

**24.01.07.01**

.01 Definitions.

- A. In this chapter, the following terms have the meanings indicated.
- B. Terms Defined.
  - (1) "Annual Report" means the report submitted to the Department of Assessments and Taxation pursuant to Tax-Property Article, §11-101, Annotated Code of Maryland.
  - (2) "Entity" means:
    - (a) A commercial enterprise or business that is required to be in good standing with the State Department of Assessments and Taxation and is:
      - (i) Formed in the State; or
      - (ii) Registered to do business in the State; or
    - (b) A corporation, foundation, school, hospital, or other legal entity for which none of the net earnings inure to the benefit of any private shareholder or individual holding an interest in the entity.
  - (3) "Person" has the meaning stated in Tax-Property Article, §1-101, Annotated Code of Maryland.
  - (4) "Secretary" means the Secretary of Commerce.
  - (5) "Special Secretary" means the Special Secretary of the Governor's Office of Small, Minority & Women Business Affairs.
  - (6) "State benefit" has the meaning stated in Business Regulation Article, §19-106, Annotated Code of Maryland.
  - (7) "Underrepresented community" has the meaning stated in Business Regulation Article, §19-106, Annotated Code of Maryland.

**24.01.07.02**

.02 Corporate Diversity Requirements.

- A. The Department of Assessments and Taxation shall include a Corporate Diversity Addendum form with the Annual Report form published by that department.
- B. If the person submitting the Annual Report is an entity subject to this chapter, that person shall complete, on behalf of the entity, the Corporate Diversity Addendum included with the Annual Report.
- C. As more fully described in §D of this regulation, the Corporate Diversity Addendum shall include information on:
  - (1) Membership of underrepresented communities in the entity's board or executive leadership; and
  - (2) The entity's support for underrepresented communities in the entity's mission.
- D. Required Information.
  - (1) In providing information about membership of underrepresented communities in an entity's board or executive leadership in the Corporate Diversity Addendum, the entity shall report whether it has individuals on its board or in executive leadership from any of the following underrepresented communities, although the content of the response does not affect eligibility for a State benefit pursuant

to Regulation .03A of this chapter:

- (a) Alaska Native;
  - (b) Asian-Pacific Islander;
  - (c) Black or African-American;
  - (d) Hispanic or Latino;
  - (e) Native American;
  - (f) Native Hawaiian;
  - (g) One or more of the racial or ethnic groups listed above; or
  - (h) None of the above.
- (2) In providing information about its support for underrepresented communities in its mission, an entity shall report whether it engages in any of the following activities, also known as diversity indicators:
- (a) Maintains written workforce diversity, equity, and inclusion (DEI) policies;
  - (b) Offers DEI training to its workforce;
  - (c) Assigns a senior-level employee as responsible for oversight and direction of the entity's DEI efforts;
  - (d) Reports performance of workforce DEI programs on the entity's website;
  - (e) Includes DEI objectives in performance plans of its managers;
  - (f) Publishes information about DEI commitments and efforts on the entity's website;
  - (g) Provides career advancement training and opportunities for its employees, which include members of underrepresented communities;
  - (h) Collaborates with educational institutions, or is an educational institution, serving significant or predominant student populations or affinity groups from underrepresented communities;
  - (i) Has a supplier diversity policy that provides business opportunities to diverse suppliers, including businesses owned by members of underrepresented communities, such as State-certified minority business enterprises (MBEs);
  - (j) Publicizes procurement opportunities to encourage participation from businesses owned by members of underrepresented communities;
  - (k) Measures the percentage of contract dollars awarded to businesses owned by members of underrepresented communities, including MBEs; and (l) Provides support and outreach to underrepresented communities or organizations that represent underrepresented communities.

### **24.01.07.03**

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.03 Qualification for a State Benefit.

- A. A State agency shall deny a State benefit to an entity unless the entity:
  - (1) Completes the Corporate Diversity Addendum described in Regulation .02 of this chapter and satisfies §C of this regulation; or
  - (2) Provides to the State agency providing a State benefit the affidavit described in §B of this regulation, affirming that the entity is not required to submit the Corporate Diversity Addendum.
- B. To affirm that an entity is not required to submit the Corporate Diversity Addendum, the entity shall submit to the State agency providing a State benefit an affidavit signed by a corporate officer or principal of the entity, stating under penalties of perjury, with the name and title of the individual submitting the affidavit, that the entity for which the affidavit is submitted is:

- (1) A sole proprietor;
  - (2) A limited liability company owned by a single member;
  - (3) A privately held company if at least 75 percent of the company's shareholders are family members; or
  - (4) An entity that:
    - (a) Has an annual operating budget or annual sales less than \$5,000,000; and
    - (b) Does not qualify for a State benefit.
- C. An entity satisfies this section if it reports that it engages in at least 33 percent of the diversity indicators listed in Regulation .02 of this chapter.
- D. To the extent that an entity qualifies for State tax credits totaling \$1,000,000 or more but for the entity's failure to meet the requirement in §C of this regulation, a State agency may not deny the entity tax credits available under Tax-General Article, §§8-207, 8-208, 8-303, 8-406(a), 9-214, 9-315, 10-701, 10-701.1, 10-703, 11-105, and 12-303, Annotated Code of Maryland.
- E. The affidavit required in §B of this regulation shall be submitted in the form and manner prescribed by the State agency conferring the State benefit.

#### **24.01.07.04**

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##### **.04 Administration of Chapter.**

- A. This chapter applies to a State benefit for which application, which includes a bid or proposal for a competitively bid procurement contract that is not federally funded in any way, is made after June 30, 2022.
- B. If a State agency receives an application from an entity for a State benefit after June 30, 2022, but before the entity files the Annual Report first due by April 15, 2023, the State agency shall require that the entity provide directly to the State agency either the information required under Regulation .03A of this chapter or the affidavit described in of Regulation .03B of this chapter.
- C. Except as provided in §D of this regulation, after the filing deadline of the 2023 Annual Report, a State agency that receives an application from an entity for a State benefit shall require the entity to provide either the information required under Regulation .03A of this chapter or the affidavit described in Regulation .03B of this chapter.
- D. An entity that has been formed or registered, but which has not yet reached an Annual Report filing deadline and seeks to be considered for a State benefit, shall be permitted to satisfy the requirements of Regulation .03A of this chapter by providing information directly to the State agency providing the benefit.
- E. An entity that was not required to complete the Corporate Diversity Addendum for a prior fiscal year because it was one of the types of entities described in Regulation .03B of this chapter, but to which the corporate diversity requirements become applicable before an Annual Report filing deadline in a subsequent fiscal year, shall be permitted to satisfy the requirements of Regulation .03A of this chapter by providing information directly to the State agency providing the benefit.
- F. An entity may file an Annual Report or an amended Annual Report:
  - (1) To file the Corporate Diversity Addendum necessary to satisfy the requirements of Regulation .03A of this chapter; or
  - (2) To update or correct information on the Annual Report or the Corporate Diversity Addendum.

#### **24.01.07.05**

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##### **.05 Calculation of State Benefit.**

In the case of a State benefit disbursed over more than one fiscal year, only the amount disbursed in one fiscal year shall count toward the \$1,000,000 threshold.

#### **24.01.07.06**

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.06 Audit; Cancellation or Repayment of State Benefit.

- A. An entity shall keep complete and accurate records supporting any information or statement provided to an agency by the entity in the Corporate Diversity Addendum or the affidavit described in Regulation .03B of this chapter for a period of 5 years from the date of submission.
- B. A State agency that has provided a State benefit to an entity subject to this chapter may at any time before or up to 5 years after the provision of the State benefit require any information provided to the agency by the entity in the Corporate Diversity Addendum be audited by the State.
- C. If the State agency that has provided a State benefit to an entity subject to this chapter determines that any representation made by the entity in its Corporate Diversity Addendum or the affidavit described in Regulation .03B of this chapter in connection with its application for the State benefit is false when made, the agency may:
  - (1) Cancel the award of the State benefit, in whole or in part as the agency may determine;
  - (2) Require repayment of any capital grant or recapture of any tax credit;
  - (3) Initiate a State debarment proceeding against an entity that has received a State contract; and
  - (4) Seek any other remedy available at law.

#### **24.01.07.07**

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.07 Waiver.

The Secretary and the Special Secretary may jointly waive or vary particular provisions of this chapter to the extent that the waiver is not inconsistent with the provisions of Business Regulation Article, §19-106, Annotated Code of Maryland, or Economic Development Article, §2-108, Annotated Code of Maryland, if:

- A. Conformance to the requirement of any federal, State, or local program necessitates waiver or variance of a regulation; or
- B. In the joint determination of the Secretary and the Special Secretary, the application of a regulation in a specific case or in an emergency situation would be inequitable or contrary to the purposes of the Acts.

#### **24.01.07.9999**

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Administrative History

Effective date: September 5, 2022 (49:18 Md. R. 820)

**Article - State Finance and Procurement**  
**§17-201.**

- (a) In this subtitle, unless the context indicates otherwise, the following words have the meanings indicated.
- (b) “Apprentice” means an individual who:
  - (1) is at least 16 years old;
  - (2) has signed with an employer or employer’s agent, an association of employers, an organization of employees, or a joint committee from both, an agreement including a statement of:
    - (i) the trade, craft, or occupation that the individual is learning; and
    - (ii) the beginning and ending dates of the apprenticeship; and
  - (3) is registered in a program of the Council or the Office of Apprenticeship of the United States Department of Labor.
- (c) “Commissioner” means:
  - (1) the Commissioner of Labor and Industry;
  - (2) the Deputy Commissioner of Labor and Industry; or
  - (3) an authorized representative of the Commissioner.
- (d) “Construction” includes all:
  - (1) building;
  - (2) reconstructing;
  - (3) improving;
  - (4) enlarging;
  - (5) painting and decorating;
  - (6) altering;
  - (7) maintaining;
  - (8) repairing; and
  - (9) services provided under a mechanical systems service contract.
- (e) “Council” means the Apprenticeship and Training Council.
- (f)
  - (1) “Employee” means an apprentice or worker employed by a contractor or subcontractor under a public work contract.
  - (2) “Employee” does not include an individual employed by a public body.
- (g)
  - (1) “Locality” means the county in which the work is to be performed.
  - (2) If the public work is located within 2 or more counties, the locality includes all counties in which the public work is located.
- (h) “Mechanical systems service contract” means a contract for:
  - (1) HVAC systems, including heating, ventilation, ductwork, and cooling/air-conditioning equipment;
  - (2) refrigeration systems;
  - (3) plumbing systems, including pipes, tanks, fittings, and other elements that control the water and gas supply, heating, and sanitation of a building;
  - (4) electrical systems, including electrical components that supply, distribute, generate, and use electrical power, overhead and underground lines, poles, transformers, and other related equipment; and
  - (5) elevator systems, including escalators, moving walkways, and other conveyances.



- (i) "Prevailing wage rate" means the hourly rate of wages paid in the locality as determined by the Commissioner under §17-208 of this subtitle.
- (j) (1) "Public body" means:
  - (i) the State;
  - (ii) except as provided in paragraph (2)(i) of this subsection, a unit of the State government or instrumentality of the State;
  - (iii) any political subdivision, agency, person, or entity with respect to the construction of any public work for which 25% or more of the money used for construction is State money;
  - (iv) notwithstanding paragraph (2)(ii) of this subsection, a political subdivision if its governing body:
    - 1. provides by ordinance or resolution that the political subdivision is covered by this subtitle; and
    - 2. gives written notice of that ordinance or resolution to the Commissioner; and
  - (v) the Washington Suburban Sanitary Commission.
- (2) "Public body" does not include:
  - (i) except as provided in paragraph (1)(v) of this subsection, a unit of the State government or instrumentality of the State funded wholly from a source other than the State; or
  - (ii) any political subdivision, agency, person, or entity with respect to the construction of any public work for which less than 25% of the money used for construction is State money.
- (k) (1) Subject to paragraph (2) of this subsection, "public work" means a structure or work, including a bridge, building, ditch, road, alley, waterwork, or sewage disposal plant, that:
  - (i) is constructed for public use or benefit; or
  - (ii) is paid for wholly or partly by public money.
- (2) "Public work" does not include:
  - (i) unless let to contract, a structure or work whose construction is performed by a public service company under order of the Public Service Commission or other public authority regardless of:
    - 1. public supervision or direction; or
    - 2. payment wholly or partly from public money; or
  - (ii) a capital project that receives State funds in the annual State capital budget as:
    - 1. a local House of Delegates initiative; or
    - 2. a local Senate initiative.
- (l) "Public work contract" means a contract for construction of a public work.
- (m) "Worker" means a laborer or mechanic

**Article - State Finance and Procurement**  
**§17-6A-01.**

- (a) In this subtitle the following words have the meanings indicated.
- (b) "Construction" includes:
- (1) building;
  - (2) reconstructing;
  - (3) improving;
  - (4) enlarging;
  - (5) painting and decorating;
  - (6) altering;
  - (7) maintaining; and
  - (8) repairing.
- (c) (1) "Covered contract" means a contract:
- (i) for a capital construction project funded with at least \$1,000,000 of funds in the State capital budget;
  - (ii) entered into by the recipient of the funding in the State capital budget and a contractor, or the contractor and a subcontractor; and
  - (iii) for an amount of \$500,000 or more.
- (2) "Covered contract" does not include a contract for a covered project as defined in § 17-this title.
- (d) "Department" means the Maryland Department of Labor.
- (e) "Fund" means the State Apprenticeship Training Fund established under §17-602 of this title.
- (f) "Registered apprenticeship program" means an apprenticeship program that is registered with, and approved by, the Department or the United States Department of Labor.
- (g) "Secretary" means the Secretary of Labor.

**Article - State Finance and Procurement**  
**§17-6A-02.**

- (a) Except as provided in subsection (b) of this section, each contractor or subcontractor awarded a covered contract shall:
- (1) (i) be affiliated with a registered apprenticeship program; and (ii) use apprentices from a registered apprenticeship program for each craft or trade in which the contractor or subcontractor employs persons to complete the covered contract;
  - (2) make payments to the Fund; or
  - (3) make payments in amounts determined under §17-6A-03 of this subtitle to a registered apprenticeship program for the purpose of supporting the program.
- (b) A contractor or subcontractor is not subject to the requirements of subsection (a) of this section if there are no registered apprenticeship programs for the craft or trade in which the contractor or subcontractor employs persons to complete the covered contract.

**Article - State Finance and Procurement**  
**§17-6A-03.**

- (a) (1) A contractor or subcontractor that elects to make payments to the Fund in accordance with this subtitle shall make payments, as determined by the Secretary, not to exceed 25 cents per hour for each employee who is employed by the contractor or subcontractor to complete the covered contract.
- (a) (2) Payments made to the Fund in accordance with this subsection shall be made on a monthly basis.
- (b) (1) If the Secretary determines that a contractor or subcontractor awarded a covered contract has made contributions to a registered apprenticeship program at rates lower than those required by this subtitle, the contractor or subcontractor shall make payments to the Fund for the difference between its contribution and the contribution rate required by this subtitle.
- (b) (2) Payments made to the Fund in accordance with this subsection shall be made on a monthly basis.

**Article - State Finance and Procurement**  
**§17-6A-04.**

- (a) (1) A contractor or subcontractor that makes contributions to the Fund or a registered apprenticeship program may request that the contributions of the contractor or subcontractor be directed to a specific preapprenticeship or workforce development program.
- (a) (2) The Secretary shall make a good-faith effort to accommodate requests received in accordance with paragraph (1) of this subsection.
- (b) A registered apprenticeship program that receives funds from contractors or subcontractors under §17-6A-02(a)(3) of this subtitle shall certify to the Secretary that all funds received are used solely for the purpose of improving or expanding apprenticeship training.

**Article - State Finance and Procurement**  
**§17-6A-05.**

- (a) The Secretary shall adopt regulations to carry out the provisions of this subtitle.
- (b) (1) The regulations shall establish the process for a contractor or subcontractor to provide written verification to the Department that the requirements of this subtitle have been met.
- (b) (2) If a contractor or subcontractor is affiliated with a registered apprenticeship program, the regulations shall require the registered apprenticeship program to provide written documentation to the contractor or subcontractor verifying the affiliation.
- (c) The regulations shall establish a process for auditing organizations that provide registered apprenticeship programs to ensure that all funds received by a registered apprenticeship program under §17-6A-02(a)(3) of this subtitle are used solely to improve and expand apprenticeship programs in the State.

**Article - State Finance and Procurement**  
**§17-6A-06.**

- (a) A contractor or subcontractor that fails to meet the requirements of this subtitle shall be liable for an amount equal to twice the amount of unpaid apprenticeship contributions required by this subtitle.
- (b)
  - (1) In this subsection, “willfully” means a representation or an omission known to be false or made with deliberate ignorance or reckless disregard for truth or falsity.
  - (2)
    - (i) Any person, firm, or corporation that is found to have made willfully a false or fraudulent representation or omission regarding a material fact in connection with contributions required by this subtitle shall be liable for a civil penalty in an amount of up to \$1,000 for each employee for whom contributions are required and each falsification.
    - (ii) A penalty shall be recoverable in a civil action and paid to the State.
- (c)
  - (1) The Secretary may file suit to enforce this section in any court of competent jurisdiction.
  - (2) In an action filed under this subsection, the court shall require the contractor or subcontractor to pay the amount required by subsection (a) of this section, including interest, reasonable counsel fees, and court costs.

**Article - State Finance and Procurement**  
**§17-602.**

- (a) There is a State Apprenticeship Training Fund in the Department.
- (b) The Fund consists of:
  - (1) Payments made by contractors or subcontractors in accordance with this subtitle and Subtitle 6A of this title; and
  - (2) Penalties collected as a result of violations of this subtitle and Subtitle 6A of this title.
- (c) The Fund is a special, nonlapsing fund that is not subject to § 7-302 of this article.
- (d) The State Treasurer shall hold the Fund separately, and the Comptroller shall account for the Fund.
- (e) The Secretary shall use money in the Fund to:
  - (1) Promote preapprenticeship programs and other workforce development programs in the State's public secondary schools and community colleges that assist students in preparing for and entering apprenticeship training programs; and
  - (2) Pay any costs associated with carrying out the provisions of this subtitle and Subtitle 6A of this title.

**Article - State Finance and Procurement**  
**§13-221.**

- (a) The provisions of this section are broadly applicable and apply to all contracts, leases, or other agreements entered into by the State.
- (b) (1) In this section, “beneficial ownership” means:
  - (i) any ownership interest of 5% or more in a business;
  - (ii) any ownership interest of 5% or more in 1 or more entities in a chain of parent and subsidiary entities, any 1 of which participates in at least 5% of the capital or profits of a business; or
  - (iii) possession of an interest that exists under an agreement, contract, relationship, understanding, or other arrangement and entitles a person to benefits substantially equivalent to an ownership interest of 5% or more of a business.
- (2) In this section, unless there are special circumstances, an individual is deemed to hold an ownership interest that is held by the individual’s spouse, the individual’s child, or other relative of the individual who lives in the individual’s home.
- (c) (1) If, during a calendar year, a business enters into contracts, leases, or other agreements, with the State or its units or both, under which the business is to receive from the State or its units or both a total of \$200,000 or more, the business shall file with the Secretary of State a list that contains the name and address of:
  - (i) any resident agent of the business;
  - (ii) each officer of the business; and
  - (iii) if known, each person who has beneficial ownership of the business.
- (2) The list shall be filed within 30 days of the date when the total value of the contracts, leases, or other agreements entered into during the calendar year reaches \$200,000.
- (3) If a person who has beneficial ownership is unknown to the business, it is sufficient for the business to disclose the legal ownership or the identity of the nominee who holds title for the unknown person.
- (d) A business or an officer of a business who violates any provision of this section is guilty of a misdemeanor and on conviction is subject to a fine not exceeding \$10,000.