



Licenses

Issue:

This brief explains the requirement that a firm must obtain and keep current all permits and licenses required to operate the business and the service-disabled Veteran must have ultimate managerial control over those who possess the required licenses to qualify for the Veterans First Contracting Program.

(For purposes of this brief, the regulations when referring to service-disabled Veterans applies equally to Veterans; applicant refers to the business entity applying for verification; and participant refers to a business entity that has already been verified.)

The Regulations:

13 CFR § 125.13(b) provides:

...The service-disabled veteran manager (or in the case of a veteran with permanent and severe disability, the spouse or permanent caregiver of such veteran) need not have the technical expertise or possess the required license to be found to control the concern if the service-disabled veteran can demonstrate that he or she has ultimate managerial and supervisory control over those who possess the required licenses...

13 CFR § 125.13(g) provides:

Licenses. A firm must obtain and keep current any and all required permits, licenses, and charters, required to operate the business.

13 CFR § 125.13(i)(6) provides:

Non-service-disabled veteran individuals or entities may not control the firm. There is a rebuttable presumption that non-service-disabled veteran individuals or entities control

or have the power to control a firm ... [i]n circumstances where a critical license is held by a non-service-disabled individual, or other entity... A critical license is considered any license that would normally be required of firms operating in the same field or industry, regardless of whether a specific license is required on a specific contract.

What This Means:

- Applicants and participants must obtain and keep current any licenses required to operate the business.
- Veteran(s) must also demonstrate supervisory control over those who possess the required licenses.
- If it appears that a license is required to conduct certain business within the state, county or other government locality, the burden is on the applicant or participant to provide the license or demonstrate that a license is not required.
- It is presumed that Veterans do not control the firm if a critical license is held by a non-Veteran or other entity.
- “A critical license is considered any license that would normally be required of firms operating in the same field or industry, regardless of whether a specific license is required on a specific contract.” 13 CFR § 125.13(i)(6).
- Professional licenses (e.g., architecture, engineering, plumbing, etc.) fall within the category of critical licenses.

- Non-Veterans, including non-Veteran owners, may hold the critical license so long as one or more Veterans have ultimate managerial and supervisory control over those who possess the required critical licenses.
- A service-disabled Veteran majority owner who is also the sole managing member of an LLC, but not an architect, may be found to control a firm that provides architectural services, when state law does not bar a non-architect from controlling the major functions of the LLC, such as long-term and day-to-day decision making, that do not involve the practice of architecture. *CVE Appeal of Veterans 1st Architecture, LLC*, SBA No. CVE-122-A (2019).

Monday–Friday | 8 a.m. to 6 p.m. (Eastern)

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