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Lt. Governor



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MARYLAND DEPARTMENT OF GENERAL SERVICES
OFFICE OF THE SECRETARY

BILL: **Senate Bill 772**
State Procurement - Small Business Reserve Program

COMMITTEE: Senate Education, Health and Environmental Affairs

DATE: February 27, 2020

POSITION: Letter of Information

Upon review of Senate Bill 772 – State Procurement – Small Business Reserve Program, the Department of General Services (DGS) provides these comments for your consideration.

- House Bill 1021 of 2017 (Chapter 590) provided for the reform of State procurement and the creation of the Procurement Improvement Council (PIC). The purpose of the PIC is to **ensure that the State is addressing various procurement policies and procedures related to State procurement and to advise the General Assembly on proposed legislation in order to enhance the efficiency and transparency of State procurement.** Senate Bill 772 appears to circumvent this process. Raising the minimum goal for awards under the State's Small Business Reserve Program (SBR) and providing a preference to resident small business are issues that can be explored through the PIC.
- While Maryland small businesses may benefit from the passage of Senate Bill 772, the impact on expenses may be significant. Adding a 5% price preference to contracts awarded to resident small businesses may be detrimental to agency budgets by increasing the costs of goods, supplies, services, maintenance, construction, construction related services, and architectural services.



- Under Senate Bill 772, the State's goal for contract awards to businesses under the SBR program is increased from 15% to 25%. This will restrict competition and may result in higher prices for the State. This may also be inconsistent with the purposes and policies of Division II of the State Finance and Procurement §11-201. These purposes and policies include ensuring fair and equitable treatment of all persons who deal with the State procurement system, fostering broad based competition, and achieving the maximum benefit from the purchasing power of the State.

For additional information, contact Ellen Robertson at 410-260-2908.