



Written Testimony: HUBZone Contractors National Council

State Procurement SB0644 - Preferences - Historically Underutilized Business Zone Businesses

Favorable with Amendments: Request to adhere to size standards as defined by SBA.

Budget & Taxation Committee
March 1, 2022

Chairman Guzzone, Vice-Chair Rosapepe, and Members of the Budget and Taxation Committee. I write to you on behalf of the HUBZone Contractors National Council (HUBZone Council) to express our organization's support for **SB0644** introduced by Senator Sallings to assess the value of establishing a procurement goal for businesses participating in the SBA HUBZone Program.

The HUBZone Contractors National Council (Council) is a non-profit trade association providing information and support for companies and professionals interested in the Small Business Administration's (SBA) HUBZone Program. We would like to thank the Committee for its commitment to small businesses and advancing small businesses in the federal marketplace.

The HUBZone Council has existed since January 2000 and strives to contribute to the economic development of economically distressed communities by creating jobs, reducing unemployment and by strengthening, improving, and promoting the HUBZone Program – and by helping HUBZone-certified companies maximize their success in earning federal contracts.

When first introduced in 1997, the HUBZone program promised to create opportunities for small businesses in low-income communities by helping entrepreneurs access the Federal marketplace. Unlike any other small business program, the HUBZone program was designed to offer firms a path to securing federal contracts based on geography — not veteran, gender, or race-based qualifications. The philosophy was that the unemployed become employed, spending increases within distressed communities, and the benefits are shared by many. The program's objective was to incentivize businesses to locate their companies in communities that suffer from low median income or high unemployment to stimulate the economy. Businesses must maintain an office and hire 35% of their employees from economically distressed communities to participate in the program.

According to the Small Business Administration's (SBA) Dynamic Small Business Search (DSBS), there are 369 HUBZone certified businesses in Maryland. These businesses have created numerous meaningful jobs and are making huge impacts within their communities. Presently the HUBZone program is only recognized on the Federal level, but less than 4% of the small businesses in Maryland are competing for federal contracts. If Maryland were to begin



recognizing the HUBZone certification under state procurements, it would increase opportunities for Maryland's small businesses, and incentivize firms to recruit personnel from economically distressed communities.

Thank you for the opportunity to submit this testimony. If you have any additional questions, feel free to contact me at 240-442-1787 or michelle.burnett@hubzonecouncil.org.

Sincerely,

Michelle Burnett
Executive Director
HUBZone Contractors National Council