

March 26, 2025

The Honorable Guy Guzzone  
Chair, Budget and Taxation Committee  
3 West Miller Senate Office Building  
Annapolis, MD 21401

***Re: Letter of Support – House Bill 500 – Procurement Reform Act of 2025***

Dear Guzzone and Committee Members:

The Maryland Department of Transportation (MDOT) offers the following letter of support of House Bill 500, which will allow MDOT to process procurements for transportation-related services and supplies faster and more efficiently and, generally, streamline the procurement process and support the small business community.

HB 500 will grant MDOT and the Maryland Transportation Authority (MDTA) the authority to procure transportation-related services and supplies<sup>1</sup> without the approval of another primary procurement unit. The Transportation Article<sup>2</sup> currently grants MDOT the authority to procure services, supplies, construction, and maintenance for any transportation-related purposes. However, the State Finance and Procurement Article<sup>3</sup> only grants MDOT and MDTA the ability to procure the following for transportation-related purposes: construction; construction-related services; architectural or engineering services; and rolling stock and other property peculiar to the operation of a transit system. This change brings the broader MDOT in line with two of its modal administrations.<sup>4</sup> However, this grant is not all-encompassing – all banking, financial services and insurance would remain under the authority of the State Treasurer.

The reduction in cycle time will expedite transportation improvements. Prime contractors, including certified small businesses, and subcontractors, including minority business enterprises (MBEs), disadvantaged business enterprises, and veteran-owned small business enterprises (VSBEs), will benefit from having contracts awarded several months sooner.

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<sup>1</sup> HB 500 further redefines “services” and “supplies” to include certain information technology items, further enhancing the efficiencies created by this legislation. “Services” is amended to explicitly include information technology services and cybersecurity, and “supplies” includes information technology hardware and related intangible property, including software.

<sup>2</sup> For reference, Transportation Article §2-103(h) states: “Consistent with the State budget, Division II of the State Finance and Procurement Article, and other applicable provisions of law, the Secretary may contract with any person to provide services, supplies, construction, and maintenance for the Department or for any transportation related purposes.”

<sup>3</sup> State Finance and Procurement Article §12-107(b)(3)

<sup>4</sup> The Maryland Aviation Administration has authority to procure supplies, services and IT for aeronautics-related activities, and the Maryland Port Commission has authority to procure supplies, services and IT for port-related activities.

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HB 500 also adds flexibility for procurement officers and the vendor community. Allowing procurement officers to cure deficiencies in MBE and VSBE participation schedules will decrease the number of bids and proposals with fatal flaws, and increase opportunities for prime contractors, MBEs and VSBEs. Granting primary procurement units the authority to authorize contract modifications with no material changes up to \$200,000 will relieve administrative burdens, keep projects moving, and reduce retroactive contract modifications.

The Maryland Department of Transportation respectfully requests the Committee consider this information when deliberating House Bill 500 and issue the bill a favorable report.

Respectfully submitted,

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