

Testimony for Senate Bill 59.pdf

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THE PRINCE GEORGE'S COUNTY GOVERNMENT

OFFICE OF THE COUNTY EXECUTIVE

BILL: Senate Bill 59 - State Procurement - Small Business Reserve Program

SPONSOR: Senator Patterson

HEARING DATE: February 3, 2021

COMMITTEE: Education, Health, and Environmental Affairs

CONTACT: Intergovernmental Affairs Office, 301-780-8411

POSITION: SUPPORT

The Office of the Prince George's County Executive **SUPPORTS Senate Bill 59**, which would raise the goal for the Small Business Reserve (SBR) Program from 15% to 25% of the value of agency procurements and for specified SBR procurements, requires agencies to apply a 5% price preference for "resident small businesses."

Small businesses are critical to job and wealth creation in both Prince George's County and across Maryland. Many of our County's small businesses are also minority owned and we are proud that despite challenges, they are becoming emerging firms seeking growth here in our State. The purpose of the SBR Program is to ensure that our small business community can leverage public procurement dollars to grow, create jobs, and add contribution to our State's thriving economy.

The SBR Program ensures that small businesses can more fairly compete for state procurement dollars by reserving a portion of procurement opportunities for small business bidding only. **Senate Bill 59** would increase this program to 25% of State Procurement and create a 5% preference for small businesses based in Maryland.

The combined effect of these policies would be great for Maryland's small businesses and will lead to more of our State's procurement dollars staying and circulating here in the State, and will make meaningful strides in supporting some of the hardest hit small businesses.

For the reasons stated above, the Office of the Prince George's County Executive **SUPPORTS Senate Bill 59** and asks for a **FAVORABLE** report.

MTBMA & MAA Testimony_SB 59_UNF.pdf

Uploaded by: Clark, Rachel

Position: UNF



February 3, 2021

Senator Paul G. Pinsky, Chair
Education, Health, and Environmental Affairs Committee
2 West, Miller Senate Office Building
11 Bladen Street
Annapolis, Maryland 21401

UNFAVORABLE

Re: **SENATE BILL 59 – STATE PROCUREMENT – SMALL BUSINESS RESERVE PROGRAM**


Dear Chairman Pinsky and Committee Members:


The Maryland Transportation Builders and Materials Association (“MTBMA”) and the Maryland Asphalt Association (“MAA”) collectively represent tens of thousands of Marylanders who operate in the areas of transportation construction, production and engineering. Together, for nearly 100 years, these organizations have served as the voice of the transportation construction industry. The mission of both MTBMA and MAA is to encourage, develop, and protect the prestige of the transportation construction and materials industry in Maryland by establishing and maintaining respected relationships with federal, state, and local public officials. We proactively work with regulatory agencies and governing bodies to represent the interests of the transportation industry, and also advocate for adequate state and federal funding for Maryland’s multimodal transportation system.

While we appreciate the bill sponsor’s laudable goal with this legislation, we always take a position that industry goals should be left for the market to work out and not handled legislatively. Procurement projects are not a “one size fits all” and setting preferences can negatively impact who is the best for the job. By taking an unfavorable position, we do not want this to suggest we do not support small businesses because some of our members fall into this category. We just feel that the industry and state agencies should determine how best to handle contract procurement.

We appreciate you taking the time to address this important issue and we respectfully urge an unfavorable report on Senate Bill 59.

Sincerely,


Michael Sakata
President & CEO, MTBMA


Marshall Klinefelter
President, MAA

2021 SB 59 SBR Program DGS LOI EHEA 2-3-21.pdf

Uploaded by: Robertson, Ellen

Position: INFO

Larry Hogan
Governor

Boyd K. Rutherford
Lt Governor



Ellington E. Churchill, Jr.
Secretary

Nelson E. Reichart
Deputy Secretary

OFFICE OF DESIGN, CONSTRUCTION & ENERGY

BILL: Senate Bill 59
State Procurement – Small Business Reserve Program

COMMITTEE: Senate Education, Health & Environmental Affairs

DATE: February 3, 2021

POSITION: Letter of Information

Upon review of Senate Bill 59 – State Procurement – Small Business Reserve Program, the Department of General Services (DGS) provides these comments for informational purposes.

The bill raises the requirement for a unit to structure its procurement procedures to achieve a minimum of 25% of its spend on goods, supplies, services, maintenance, construction, construction related services, and architectural services from 15% to 25% directly with small businesses.

Senate Bill 59 defines a Maryland Resident Small Business as a business that meets the small business standards and has its principal place of business in Maryland. A satellite office or an office minimally staffed does not meet the resident status. Being a Maryland Resident Small Business allows contractors to enjoy a 5% price preference over all other firms that are not Resident Small Businesses, even with the Small Business Reserve Program.

The bill will benefit Maryland Resident Small Businesses however, it will also restrict competition which could result in higher prices being paid for goods and services. Adding 5% to contracts may be detrimental to agency budgets and may not be in keeping with the purposes and policies of the State Finance and Procurement Article § 11-201. The section includes ensuring fair and equitable treatment of all persons who engage with the State procurement system, fostering broad based competition through the support of the free enterprise system and getting the maximum benefit from the purchasing power of the State.

Senate Bill 59 may also potentially impact Maryland Resident Small Businesses seeking to conduct business with neighboring states and jurisdictions that have reciprocal preference laws. These laws would apply the Maryland preference of 5% to those small business proposals against the other states or jurisdictions small businesses.

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

