



THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Testimony in Support of Senate Bill 721 - Procurement - Small Business Reserve Program - Administration and Application

April 1st, 2021

Chairwoman Pendergrass, Vice-Chair Pena-Melnyk, and Members of the Health and Government Operations Committee:

Thank you for your consideration of Senate Bill 721. Throughout the pandemic, small businesses around the State have faced many challenges. Like many of you, my office has been inundated with calls from constituents and small businesses in need of urgent assistance, and I want to commend the work of this body for passing the RELIEF Act so swiftly to bring that much-needed assistance to our small businesses. But short-term relief is not sufficient.

According to FEMA, 40% of businesses do not reopen following a disaster. Of those that do reopen, another 25% fail within one year. Similar research from the U.S. Small Business Administration indicates that over 90% of businesses fail within two years after being struck by a disaster. Recovery doesn't end when a business reopens its doors - it continues through the years following a disaster. And our small businesses will need our support throughout that challenging recovery period.

This bill intends to provide more support for our small businesses throughout this recovery period and beyond, by making small businesses more competitive in our state procurement process. This is achieved by largely codifying the Governor's Executive Order issued on January 6th of this year, with the additional inclusion of the University System of Maryland. SB721 requires that every procurement contract eligible for designation under our State Small Business Reserve Program and has a total dollar value of \$500,000 or less receives additional attention from that unit. Under this bill and the Governor's Executive Order, the unit would be required to assess the procurement under the Reserve Program guidelines, and either designate the procurement for the small business reserve or request an exemption, subject to certification by the Governor's Office of Small, Minority, and Women Business Affairs.

As amended, this legislation requires the Department to assist small businesses in complying with procedures for bidding on requests for proposals, and to increase awareness of procurement opportunities for small businesses. This is intended to address two barriers to small businesses'

participation in procurement: lack of awareness on available contracts, and the difficulty presented by our complicated procurement process.

Every year the State of Maryland issues countless procurement contracts to purchase goods and services on behalf of our agencies. Purchasing these goods and services from the 99.5% of Maryland Businesses that are “small businesses” would go a long way towards supporting small businesses throughout the State and provide jobs in communities across Maryland throughout the ongoing recovery effort and beyond. It would also assist the State in meeting our Small, Minority, Women, and Veteran-Owned business procurement goals, by creating a system to more effectively review contracts for small business participation, and provide outreach to those businesses to facilitate their participation. For those reasons, **I respectfully request a favorable report on Senate Bill 721.**

Sincerely,

A handwritten signature in black ink that reads "Katie Fry Hester". The signature is written in a cursive, flowing style.

Senator Katie Fry Hester
Carroll and Howard Counties