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Judicial Proceedings Committee

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January 25, 2022
Senate Budget and Taxation Committee
The Honorable Guy Guzzone
3 West Miller Senate Building
Annapolis, Maryland 21401

RE: SB 009 – Procurement – Minority Business Enterprises – Qualification and Certification

Dear Chairman Guzzone and Members of the Committee,

Ever since 1978, Maryland has had a Minority Business Enterprise (MBE) Program to encourage women and minority-owned firms to participate in the State procurement process. Maryland's current MBE statute requires agencies to make every effort to achieve minimum goal of 29% of the total dollar amount of their procurement contracts directly or indirectly from certified MBE firms. The oversight of this program is vested in the Governor's Office of *Small Minority and Women Business Affairs*. However, the Office of *Minority Business Enterprise* within the Maryland State Department of Transportation serves as the State's official MBE certification unit. In fiscal 2019, Maryland's MBE achievement was only 17.9% of contract awards, well short of the 29% goal.

The federal government also has an MBE program, overseen by the U. S. Small Business Administration, but businesses must separately qualify as MBEs under federal and State law. Under current Maryland law, to obtain a Maryland MBE certification, an applicant must fill out lengthy application documents, undergo an investigation, be the subject of a deliberative administrative proceeding and then await an ultimate determination letter. Plainly, a business which has successfully navigated federal statutes and regulations and qualified as a federal MBE must apply and qualify separately under Maryland's MBE program. This is burdensome to minority and women-owned businesses and deters participation in the State procurement process.

Senate Bill 009 merely requires the State Board of Public Works, which oversees all State procurement, to adopt new procurement regulations that will enable a federal MBE that has been certified under the federal disadvantaged business enterprise program to become certified as a Maryland MBE without requiring the business to file any additional paperwork other than evidence of its federal certification.

In short, this bill changes existing law to provide that a federal certification alone will suffice, and an MBE will no longer have to separately establish its eligibility under Maryland law.

I appreciate the committee's consideration of Senate Bill 009 and will be more than happy to answer and follow-up questions the committee may have.