

SB644 HUBZones - Ligon & Ligon, Inc. Testimony - I

Uploaded by: David Openshaw

Position: FAV

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LIGON & LIGON, Inc.
GENERAL CONTRACTORS
3310 RIDGEWOOD AVENUE
BALTIMORE, MARYLAND 21215

March 2, 2022

The Honorable Johnny Ray Salling
Senate Budget and Taxation Committee
321 James Senate Office Building
11 Bladen Street
Annapolis, MD 21401

Dear Senator Salling:

We present this letter to express our support of SB 644 as it brings light to the Federal SBA HUBZone program that is neglected at the State level in Maryland. Ligon & Ligon, Inc., is a utility construction firm that is committed to a strong Maryland and a strong Baltimore City. We recently marked our 100th Anniversary and have been based in Baltimore City since our founding in 1920. In 2019, the U.S. Small Business Association certified Ligon & Ligon, Inc. as a HUBZone small business, meaning we are located in in an Historically Underutilized Business Zone and hire a large share of our labor force from local HUBZones located in and around Baltimore City.

We support the espoused goal of HB 644 – to recognize and support Maryland’s businesses that operate within distressed communities impacted by low income, high poverty, and high unemployment. The U.S. Senate Committee on Small Business report accompanying the HUBZone authorizing legislation in 1997 stated:

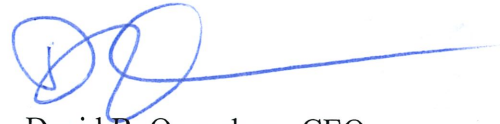
Creating new jobs in economically distressed areas has been the greatest challenge for many of our nation’s governors, mayors, and community leaders. The trend is for businesses to locate in areas where there are customers and a skilled workforce. Asking a business to locate in a distressed area often seems counter to its potential to be successful. But without businesses in these communities, we don’t create jobs, and without sources of new jobs, we are unlikely to have a successful revitalization effort.

Almost 25 years later, in our neighborhoods in Park Heights we see this challenge remains. While the other socioeconomic programs target assistance to individuals with specific characteristics, the HUBZone program targets assistance to geographic areas with specific characteristics, thus casting a complementary but wider net to meet the objectives of job creation and increased capital investment in distressed communities. At the federal level, with a 3% contracting goal, the HUBZone program cannot touch the thousands of HUBZone zip codes stitched all across the U.S.

map. It needs more local emphasis, specifically at the State level to have an impact on the over 300 HUBZone communities in Maryland. This legislation will incentivize businesses to establish in HUBZone locations, to get certified in the HUBZone program and to remain in HUBZone locations, thereby expanding employment opportunities and economic growth within Maryland communities that have the most need.

We strongly recommend that your bill move forward with favorable consideration from both sides of the aisle.

Sincerely,

A handwritten signature in blue ink, consisting of a series of loops and a long horizontal stroke extending to the right.

David B. Openshaw, CEO
Ligon & Ligon, Inc.

Salling SB644 LTR TO COMMITTEE.pdf

Uploaded by: johnny salling

Position: FAV

JOHNNY RAY SALLING
Legislative District 6
Baltimore County

Budget and Taxation Committee
Public Safety, Transportation,
and Environment Subcommittee



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THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

February 9, 2022

Senate Budget and Taxation Committee

Re: SB644
Position: Favorable

Dear Chair, Vice Chair, and Committee Members:

I write to ask for your support for SB644. The goal of this bill is to study the idea of providing an opportunity for small businesses to thrive in this economic climate through HUB zones. HUB zones are historically under-utilized business zones. The state and government departments would work to achieve a certain percentage of contracts for business that are in these zones with the goal to help underprivileged businesses in our state. I think this would be a great opportunity for our businesses, constituents, and state as we continue to recover from this pandemic.

I respectfully ask for a favorable report.

Thank you,
Senator Johnny Ray Salling

Guy J. Guzzone Senate Bill 644_030122.pdf

Uploaded by: Wayne Frazier

Position: FAV



March 1, 2022

Senator Guy J. Guzzone, Chairman
Senate Budget and Taxation Committee
Miller Senate Office Building
11 Bladen Street
Annapolis, Md. 21041
Reference: SB-644 (State Procurement -Preferences-Historically Underutilized
Business Zone Businesses)

Dear Chairman Guzzone:

The economic virtues of Senate bill-644 has come to my attention. Please allow me to introduce myself, I am Wayne Frazier, Sr., president of Maryland Washington Minority Companies Association, (MWMCA), a minority and women-owned business, construction and design trade association located in Maryland since 2001. We advocate for the inclusion of said trades in all government and private procurement, because we believe it strengthens our total economy.

Concerning SB-644, we believe that it is time to include US HUBZone certified businesses in Maryland as part of Maryland's procurement sourcing supply goals. We believe, it is extremely just because it serves as an economic vehicle to strengthen impoverished communities around the state where historically underutilized businesses may be located. I say may, because every business in Maryland has its choice of location, and most choose to locate outside of impoverished areas, thus keeping them impoverished. Basically, that's the simple criteria of a US HUBZone certified business. However, one main factor or criteria to become certified by any business located in these areas, is that they must hire 35% of their labor from that zone. To us, that is economic life changing that flows back to the families of that community. To us, it also makes no difference whether the business ownership is non-minority or not, or the concern that some businesses may already have minority or disadvantaged certification, thus overlapping programs. Because none of the existing programs requires one to hire 35% of its employees from designated impoverished communities. To us, that is the sudden-death overtime win that changes the equation. US HUBZone certified businesses

deserve to be part of Maryland's socio-economic engineering inclusion because it will lift impoverished communities.

In closing, it's with our utmost pleasure to favorably support the passage of SB-644. Maryland will become the shining example for the rest of the nation to raise up its impoverished business communities!

Sincerely yours,

A handwritten signature in black ink, appearing to read 'W. R. Frazier, Sr.', written over a horizontal line.

Wayne R. Frazier, Sr.
President

SB0644 Written Testimony .pdf

Uploaded by: Michelle Burnett

Position: FWA



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

SB644-Letter of Information.pdf

Uploaded by: Jimmy Rhee

Position: INFO



GOVERNOR'S COORDINATING OFFICES

Community Initiatives · Service & Volunteerism · Deaf & Hard of Hearing
Crime Prevention, Youth, & Victim Services · Small, Minority, & Women Business Affairs
Banneker-Douglass Museum · Grants · Volunteer Maryland

February 28, 2022

The Honorable Guy Gozzone
Chair, Senate Budget & Taxation Committee
3 West
Miller Senate Office Building
Annapolis, Maryland 21401

***Re: Letter of Information – Senate Bill 644 – State Procurement - Preferences -
Historically Underutilized Business Zone Businesses***

Dear Chair Guzzone and Committee Members:

The Governor's Office of Small, Minority & Women's Business Affairs (GOSBA) respectfully submits the following concerns for the Committee's consideration with regard to SB644 and its potentially wide sweeping impact on the Maryland small business community as a whole as well as the operational impact on this office.

This legislation has the effect of creating a new socio-economic procurement preference program and charges GOSBA with adopting regulations, reporting performance, and evaluating the program's effectiveness.

GOSBA is concerned that having **four** competing preference programs with goals on any given procurement could deter robust competition/interest in state procurements. As it stands, the Minority Business Enterprise Program has an overall goal of 29%, the Small Business Reserve Program has a goal of 15%, and the Veteran-Owned Small Business Enterprise Program has a goal of 1%. The proposed HUB Zone Business Enterprise Program would add an additional goal of 10%. That's a potential total of 55% in subcontracting or direct contracting goals with specific groups, leaving very little flexibility for prime vendors.

In addition, we are also concerned that existing small businesses may be adversely impacted. Maryland's small business threshold as defined in SFP §14-501 differs significantly from the qualifying small business thresholds at the Federal level. Maryland's revenue and employee qualifying thresholds are significantly lower. As a result, this bill may put Maryland's small businesses in direct competition with much larger companies with greater assets, effectively drowning them out.

Implementation would have significant fiscal impact as well. To effectively manage a new procurement preference program such as the bill calls for, there would be a need for additional full-time personnel. Current procurement preference programs administered by GOSBA have at least two staff persons designated to the policy, advocacy, training, compliance and reporting associated with the program.

Additional financial resources would have to be allocated to the following:

- the cost of building a platform and staff to facilitate business registrations
- developing a process for identifying, vetting, certifying, and auditing qualifying businesses
- outreach to the targeted small business community

GOSBA respectfully requests the committee's consideration of the aforementioned concerns in its review of SB644.

Respectfully submitted,

Chantal Kai-Lewis
Director of Policy & Legislative Affairs
Governor's Office of Small, Minority & Women Business Affairs