

BILL: House Bill 543 - State Procurement - Small Procurement - Definition

COMMITTEE: House Health and Government Operations

DATE: March 1, 2023

POSITION: Support

Upon review of House Bill 543 - State Procurement - Small Procurement - Definition, the Maryland Department of General Services (DGS) provides these comments for your consideration.

Per Chapter 590, Laws of Maryland 2017 (House Bill 1021), effective October 1, 2019, the Department of General Services Office of State Procurement (DGS OSP) became the control agency for state procurement of most goods and services other than those procurements by other primary procurement units (State Treasurer, DGS, Department of Transportation, University System of Maryland, Maryland Port Commission, Morgan State University and St. Mary's College of Maryland). As the control agency, DGS OSP conducts or oversees procurements for all Executive Branch Agencies, unless otherwise exempt.

Presently, there are three State procurement thresholds (*specifically noted for DGS OSP control agency approvals*):

1. **small** procurements for contracts up to \$50,000, a procurement unit may conduct a procurement independently, without seeking approval by the control agency, DGS OSP;
2. procurements over \$50,000 and up to \$200,000, a procurement unit must seek DGS OSP approval to conduct the procurement with DGS OSP oversight of the solicitation development and approval of the award recommendation or DGS OSP conducts the procurement on behalf of the procurement unit; or
3. procurements over \$200,000, DGS OSP conducts the procurement or provides oversight and approvals as in #2 above with the addition of seeking BPW award recommendation approval prior to contract execution.

This bill proposes to raise the threshold for small procurements from \$50,000 to \$100,000 (#1 above). Also, the threshold for DGS and the Department of Transportation construction contracts and Department of Natural Resources capital projects or maintenance would increase from \$100,000 to \$200,000 and would not require BPW approval. Page 2

The current procurement threshold levels were established in 1981, and the dollar value has increased significantly since then. According to the Consumer Price Index, \$50,000 in 1981 is equal to \$149,000 in 2021. House Bill 543 will provide greater efficiencies and to further streamline the procurement process by providing agencies the ability to independently conduct small procurements under \$100,000.

DGS OSP provides guidance, training, policies, procedures, and best practices to ensure the procurement units are conducting procurements according to statute and regulations. DGS OSP also conducts periodic reviews of the procurement units delegated procurements and may increase or decrease their procurement delegation as needed.

DGS supports House Bill 543 and urges a favorable report.

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