

**BILL:** House Bill 1152 - Entrepreneurial Equity Act

**COMMITTEE:** House Ways and Means

**DATE:** March 2, 2023

**POSITION:** Letter of Information

Upon review of House Bill 1152, the Maryland Department of General Services (DGS) provides these comments for your consideration.

The Department of General Services Office of State Procurement (DGS OSP) must report annually, beginning in FY 2025:

- the number and the total value of State contracts awarded during the preceding twelve (12) months to businesses that have been in operation for less than five (5) years, including the breakdown by demographic segments and geographical areas of the State;
- the percentage of the total number of State contracts awarded during the preceding twelve (12) months to businesses that have been in operation for at least five (5) years compared to the total number of contracts awarded;
- the percentage of the total value of State contracts awarded during the preceding twelve (12) months to businesses that have been in operation for at least five (5) years compared to the total number of contracts awarded; and
- recommendations to improve access to State contracts for Maryland businesses that have been in operation for less than five (5) years, including businesses in statistically underrepresented demographic segments and geographic areas of the State.

DGS OSP would also be required to direct ten percent (10%) of all open procurements designated for the Small Business Reserve (SBR) program to businesses that have been in operation for less than five (5) years and whose principal place of business is located in Maryland.

The requirements of the bill would have a burdensome operational and fiscal impact on DGS OSP. The SBR program does not collect the number of years a business has been operational or the business location. The collection of this information would fall on DGS OSP procurement officers and data analysts. To track and report this information would be an arduous manual process requiring a search of eMaryland Marketplace Advantage (eMMA), the State's eProcurement system. The bill would also require creating additional programming in eMMA to collect this data and would necessitate the hiring of two additional procurement officers and a database specialist.

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The State of Maryland has a reciprocal procurement preference, meaning if another State has a preference Maryland will apply that preference to in-state vendors. If another State had a reciprocal preference, they would apply Maryland's preferences to their vendors. This would limit Maryland vendors' ability to compete for contracts in other states or D.C. and is especially harmful to vendors from bordering states that may employ Maryland residents.

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