

LETTER 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

Budget and Taxation Committee
Senator Guy Guzzone
Senator Jim Rosapepe
3 West
Miller Senate Office Building
Annapolis, Maryland 21401

To the Chair, Vice Chair, and esteemed Committee Members of the Budget and Taxation Committee:

I extend my sincere gratitude to each of you for your dedication and commitment in serving on the Budget and Taxation Committee. For the record, I am Senator Johnny Ray Salling.

I come before you to discuss a bill that bears similarities to the one I proposed during the last Session, with a notable exception. This updated bill emphasizes the necessity for the structure of procurement procedures to align with Federal standards established by the United States Small Business Administration, in accordance with the Federal Procurement Program.

Central to the bill's objective is the establishment of HUB zones, defined as historically under-utilized business zones. The primary aim of this legislation is to foster an environment conducive to the growth of small businesses, especially considering the challenges posed by the current economic climate. Within these designated HUB zones, government departments would be encouraged to strive for a specific percentage of contracts awarded to businesses within these zones. The overarching goal is to support underprivileged businesses within our state, presenting a unique opportunity for our constituents and the state as a whole.

I believe that implementing HUB zones is a crucial step towards creating a more inclusive and supportive economic landscape. Your support for this bill would not only benefit our local businesses but also contribute significantly to the well-being of our constituents and the overall prosperity of our state. I appreciate your time and consideration on this matter.

Thank you for your dedication and service.

Sincerely,

A handwritten signature in red ink that reads "Johnny R. Salling".

Senator Johnny Ray Salling

Senate Bill 0154_Guzzone_1.18.24_final.pdf

Uploaded by: johnny salling

Position: FAV



January 18, 2024

Senator Guy Guzzone, Chairman
Senate Budget and Taxation Committee
3 West Miller Office Building
Annapolis, Md. 21401

Ref: Senate Bill 0154-State Procurement, Preferences, Historically Underutilized Business Zones
Businesses

Dear Chairman Guzzone,

It has come to my attention that the Senate and Taxation Committee will hear public comments on Senate Bill 0154, and its features to expand Maryland's procurement to businesses certified by Maryland US HUBZone certified businesses. Please understand that it is my distinct pleasure to provide testimony representing the members and e-subscribers of Md. Washington Minority Companies Association (MWMCA), located in Baltimore City, Maryland. Since 2002, MWMCA has operated as a construction trade, design, and material commodity trade association with hundreds of members and thousands of virtual e- subscribers. Our weekly e-newsletter to small, minority and women owned businesses is their guiding light and voice to that community. Our industry renowned website www.mwmca.org is most sought after by major corporations and small businesses alike looking to connect with one another for mutual benefits. In essence we support and endorse total social economic engineering inclusion and believe Maryland is ready for more.

Now comes our nation's enabling, Small Business Administration, US Historically Underutilized Business Zones (US HUBZone) procurement enhancement act for consideration to be adopted by Maryland legislators in this session. One might feel that the state is already inundated with other disadvantaged business programs, like our MBE/WBE, Veterans, and Small Business Reserve. However, as socially economic conscience they are, their penetration or participation is all consuming and extremely wide, whereas HUBZone certified business program targets or addresses only those businesses that are in select distressed and impoverished communities. The US HUBZone Certification program is race, gender, and ethnic neutral. Furthermore, unlike the other state disadvantaged business programs, US HUBZone certified firms must employ 35% of their employees from the geographical area in which they are located in. A game changer for employment and new business development in some of Maryland's most challenged communities.

Our progressive state has been and remains a national leader in social economic engineering inclusion and the passage of this legislation would send a strong message to firms in and around the state of Maryland that we take pride in rebuilding and stabilizing our weakest communities through employing their residents. Therefore, MWMCA fully supports the passage of Senate Bill 0154 as a jobs act generator to grow employment opportunities for those brave and committed firms residing and operating in our overlooked communities. We pray that the Budget and taxation committee will vote in favor of passage of this bill and move it to the General Assembly for full vote. Then and only then will total economic inclusion be achieved by our glorious “Free State”.

Sincerely,

A handwritten signature in black ink, appearing to read 'Wayne R. Frazier, Sr.', with a long horizontal line extending to the right.

Wayne R. Frazier, Sr.
President

Senate Bill 0154_Guzzone_1.18.24_final.pdf

Uploaded by: Wayne Frazier

Position: FAV



January 18, 2024

Senator Guy Guzzone, Chairman
Senate Budget and Taxation Committee
3 West Miller Office Building
Annapolis, Md. 21401

Ref: Senate Bill 0154-State Procurement, Preferences, Historically Underutilized Business Zones Businesses

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Sincerely,

A handwritten signature in black ink, appearing to read 'W. Frazier, Sr.', with a long horizontal line extending to the right.

Wayne R. Frazier, Sr.
President

SB0154_LOI_GOSBA.pdf

Uploaded by: Davon Gardner

Position: INFO



GOVERNOR'S OFFICE OF
SMALL, MINORITY & WOMEN
BUSINESS AFFAIRS

Governor Wes Moore

Lt. Governor Aruna Miller

Special Secretary Y. Maria Martinez

DATE: January 17, 2024

Bill Number: Senate Bill 154

COMMITTEE: Senate Budget and Taxation Committee

BILL TITLE: State Procurement – Preferences – Historically Underutilized Business Zone Businesses

GOSBA POSITION: Letter of Information

Dear Chair Guzzone and Committee Members:

The Governor's Office of Small, Minority & Women Business Affairs (GOSBA) thanks the Committee for the opportunity to provide written testimony for Senate Bill 154 (SB 154).

SB 154 requires GOSBA to structure procedures to meet federal procurement standards and achieve or exceed 10% of the unit's total dollar value of procurement contracts to be made directly or indirectly with federal historically underutilized business zone businesses (HUBZones) within the Small Business Reserve (SBR) Program. Additionally, the proposed legislation tasks GOSBA with adopting regulations to implement the HUBZone program, as well as establish procedures for tracking, compliance, and mandated reporting requirements.

GOSBA is concerned that operating a federal program within a state program will be arduous and potentially harmful to the existing SBR Program. In most cases, great care is taken to keep federal and state programs distinct and separate. This allows the State to more effectively integrate value added concepts and processes into its SBR program without adopting less effective or non-applicable features of the federal program.

Maryland's SBR Program is the only set-aside within the State's procurement programs. The current SBR set-aside designation is 15%. Established in 2008 as a race- and gender-neutral program, SBR offers prime contracting opportunities in an exclusive environment where small businesses compete against other small businesses for contracts designated to the SBR Program. Firms self-certify through the eMaryland Marketplace Advantage (eMMA) and must renew annually to maintain their certification.

As reported in the FY2023 Annual Report, the SBR Program is providing the small business community with increased opportunities to perform at the prime contractor level. Payments to SBR firms reached \$599 million, representing a 39% increase during a period when the state experienced an 8% decrease in total eligible procurements. Total SBR Participation, which

increased by 51%, achieved 11.7%, of the 15% goal. Disrupting this growth trend would have negative consequences to the SBR Program.

According to the “Study of the Establishment of a Procurement Percentage Preference in Historically Underutilized Business Zones”, submitted in consultation with DGS in reference to Senate Bill 644, Chapter 518, Acts of 2022. GOSBA is concerned that SB 154 may inadvertently impact participation by adding a 10% HUBZone percentage preference within the current 15% SBR designation. The SBR Program serves as an instrumental tool for Maryland businesses with the ambition to operate as a prime contractor in the State procurement arena.

GOSBA is grateful to offer this Letter of Information for SB 154 and welcomes the opportunity to discuss further.

Sincerely,

Davon Gardner

Davon K. Gardner
Director, Policy & Legislative Affairs
Governor’s Office of Small Minority, and Women Business Affairs
Davonk.gardner@maryland.gov
(667) 644-1358

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Uploaded by: Lisa Nissley

Position: INFO

BILL: Senate Bill 154 - State Procurement - Preferences -
Historically Underutilized Business Zone Businesses

COMMITTEE: Senate Budget and Taxation Committee

DATE: January 18, 2024

POSITION: Letter of Information

Upon review of Senate Bill 154 - State Procurement - Preferences - Historically Underutilized Business Zone Businesses, the Maryland Department of General Services (DGS) provides these comments for your consideration.

The bill establishes a new category of small businesses, the Historically Underutilized Business Zone (HUBZone). DGS appreciates the effort to support small businesses in communities in need of socioeconomic resources. The bill creates a separate program but it is not clear whether the program is intended to operate as part of the Small Business Reserve (SBR) or the Minority Business Enterprise program or as a stand-alone preference program. Regardless, establishment of the program will result in both operational and fiscal impacts to DGS. Staff would be necessary to implement tracking, goal setting, contract compliance, and reporting for the HUBZone program.

House Bill 389, Chapter 155, 2022 was executed to advance the SBR program. The bill called for all eligible solicitations between \$50,000 and \$500,000 to automatically be designated to the SBR program. It is unclear if Senate Bill 154 is adding an additional 10% for HUBZone businesses on top of the existing 15% SBR program requirement for a total of 25% or if 10% of the 15% should go to the HUBZone businesses. Adding a HUBZone designation may have the unintended consequence of impeding the growth of the SBR program.

DGS looks forward to further collaboration on this issue and will continue to support small businesses and economic development.

For additional information, contact Ellen Robertson at Ellen.Robertson@maryland.gov or 410-260-2908 or Lisa Nissley at Lisa.Nissley1@maryland.gov or 410-260-2922.

SB0154 - OOP - HUB Zone Businesses_LOI_FINAL.pdf

Uploaded by: Patricia Westervelt

Position: INFO

January 18, 2024

The Honorable Guy Guzzone
Chair, Senate Budget and Taxation Committee
3 West, Miller Senate Office Building
Annapolis, MD 21401

RE: Letter of Information – Senate Bill 154 - State Procurement – Preferences – Historically Underutilized Business Zone Businesses

Dear Chair Guzzone and Committee Members:

The Maryland Department of Transportation (MDOT) offers the following letter of information for the Committee’s consideration on Senate Bill 154.

The proposed legislation gives preference to companies that are Historically Underutilized Business (HUB) zone businesses or those that utilize HUB zone businesses as subcontractors. According to the current Small Business Administration HUB Zone map, Qualified HUB Zones within MD are Garrett, Kent, Caroline and Dorchester counties, as well as specific Census tracts around Hagerstown, Frederick, Gaithersburg, Silver Spring, Lanham, Capitol Heights, Laurel, Glen Burnie, Baltimore City, Dundalk, Essex, Edgewood, Aberdeen, Havre de Grace and Elkton.

Senate Bill 154 will impose an additional workload on procurement and compliance staff to: research HUB Zone businesses that might be available to perform each contract as prime contractor or a subcontractor; prepare paperwork for goal-setting; obtain review and approval of the agency’s Procurement Review Group; write requirements into solicitations; answer bidder questions about the program; evaluate bids for compliance; monitor vendor compliance with those goals; and track and report HUB Zone business participation. The legislation will also lengthen the time required to complete procurements, and specific requirements could increase costs due to reduced competition if there is a lack of qualified vendors in the HUB Zones.

The minimum 10% goal of the total dollar value of procurement contracts to be made directly or indirectly with HUB Zone businesses is likely not achievable given that it would come on top of the existing 15% goal for the Small Business Reserve program. Mandating another goal for HUB Zone businesses to be achieved with the same pool of procurement dollars will only make it harder to meet either goal.

The MDOT looks forward to continued collaboration to ensure that our efforts to provide safe transportation infrastructure are also leveraged to support broader goals of economic development and equity in the State.

The Honorable Guy Guzzone
Page Two

The Maryland Department of Transportation respectfully requests the Committee consider this information during its deliberations of Senate Bill 154.

Respectfully submitted,

Pilar Helm
Director of Government Affairs
Maryland Department of Transportation
410-865-1090