

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.