
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.

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

Respectfully submitted,

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