

**'24 HB 850 Small Business Pref Procurement 3-26-20**

Uploaded by: Ellen Robertson

Position: FAV

**BILL:** **House Bill 850**  
State Procurement - Small Business Preference Procurement

**COMMITTEE:** Budget and Taxation

**DATE:** March 26, 2024

**POSITION:** **Support**

Upon review of House Bill 850 - State Procurement - Small Business Preference Procurement, the Maryland Department of General Services (DGS) provides these comments for your consideration.

The proposed legislation will:

- establish a price preference for small businesses;
- designate the Board of Public Works as the regulatory authority for the Small Business Preference Program;
- specifies the manner in which a unit may achieve targets for procurement awards to small businesses; and
- adds all units of the Executive Branch of State government.

House Bill 850 will allow DGS to achieve its objectives by counting both contracts awarded through the Small Business Preference Program and the Small Business Reserve (SBR) Program into the Small Business Reserve 15% achievement goal and increasing participation.

Maryland created the SBR Program in 2004 to provide small businesses the opportunity to participate as prime contractors by competing against other small businesses instead of larger, more established, companies. SBR requires most State agencies to structure their procurements so that at least 15% of the total dollar value of their procurements is made directly to small businesses.

The Small Business Preference Program allows certified small businesses to enjoy a price preference over non-certified small businesses competing for the same contract award on designated procurements.

DGS supports this House Bill 850 and welcomes a favorable report.

For additional information, contact Ellen Robertson at [Ellen.Robertson@maryland.gov](mailto:Ellen.Robertson@maryland.gov) or 410-260-2908 or Lisa Nissley at [Lisa.Nissley1@maryland.gov](mailto:Lisa.Nissley1@maryland.gov) or 410-260-2922.

# **HB0850 - TSO - State Procurement - Small Business**

Uploaded by: Patricia Westervelt

Position: FAV

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March 26, 2024

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

***Re: Letter of Support – House Bill 850 – State Procurement – Small Business Preference Procurement***

Dear Chair Guzzone and Committee Members:

The Maryland Department of Transportation (MDOT) supports House Bill 850, as it allows for flexibility in meeting Small Business Reserve requirements.

Once a contract is designated for the Small Business Reserve (SBR) Program, the award can only be made to a certified small business. Eligible procurements between \$50,000 and \$500,000 are automatically designated to the SBR Program.

The primary data point used to measure SBR performance is payment dollars. Payments are monitored across three categories: designated SBR, non-designated SBR, and credit cards. Designated SBR payments are those made to a certified small business for a contract designated SBR at the onset of the procurement process. Non-designated and credit card payments are those made to a certified small business for a contract won on the open market.

During Fiscal Year 2023, MDOT's designated SBR payments totaled \$41,754,068. Payments to certified Small Businesses on non-SBR-designated contracts totaled \$76,456,020. Credit card payments to small businesses totaled \$1,200,251.

House Bill 850 would allow MDOT to get credit toward the 15% SBR payment requirement for dollars paid to small businesses under contracts won on the open market. The legislation would also allow MDOT to count payments made to small businesses that are awarded contracts through the Small Business Preference Program.

For these reasons, the Maryland Department of Transportation respectfully requests the Committee grant House Bill 850 a favorable report.

Respectfully submitted,

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