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February 20, 2024

Delegate Joseline Peña-Melnyk, Chair
House Health and Government Operations Committee
241 House Office Building
Annapolis, MD 21401

RE: HB 1184 – UNFAVORABLE – State Procurement – Preferences – Historically Underutilized Business Zone Businesses

Dear Chair Peña-Melnyk and Members of the Committee:

The Maryland Asphalt Association (MAA) is comprised of 19 producer members representing more than 48 production facilities, 25 contractor members, 25 consulting engineer firms, and 41 other associate members. MAA works proactively with regulatory agencies to represent the interests of the asphalt industry both in the writing and interpretation of state and federal regulations that may affect our members. We also advocate for adequate state and federal funding for Maryland's multimodal transportation system.

House Bill 1184 would establish a price preference for State procurement contracts made directly or indirectly with historically underutilized business zone (HUBzone) businesses, requires each State agency to structure its procurement procedures to try to achieve a goal of at least 10% of the total dollar value of its procurement contracts being made directly or indirectly with HUBzone businesses, and lastly, establish penalties for persons who violate these provisions.

MAA must express our opposition to HB 1184 because it could potentially reduce competition among contractors bidding for state procurement contracts. This may lead to a scenario where contractors are selected based on their geographic location rather than their qualifications, experience, and ability to deliver high-quality construction projects. Such an approach may compromise the overall quality of construction work in Maryland. Penalizing non-compliance with the proposed price preference may inadvertently disadvantage established construction companies with a proven track record of delivering successful projects. These companies, while not classified as HUBZone businesses, contribute significantly to the state's economy and have the experience to undertake complex projects efficiently. Imposing penalties may deter them from participating in state procurement processes, limiting the pool of qualified bidders.

While we support the goal of promoting economic opportunities for HUBZone businesses, we urge the committee to reconsider the proposed price preference and penalties, taking into account the potential impact on competition, quality, and the ability of established contractors to contribute to the State's infrastructure development. Respectfully, we ask the committee to give HB 1184 an unfavorable report.

Sincerely,

Tim E. Smith, P.E.
President
Maryland Asphalt Association