



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 Transportation Builders and Materials Association (“MTBMA”) has been and continues to serve as the voice for Maryland’s construction transportation industry since 1932. Our association is comprised of 200 members. MTBMA encourages, develops, and protects the prestige of the transportation construction and materials industry in Maryland by establishing and maintaining respected relationships with federal, state, and local public officials. We proactively work with regulatory agencies and governing bodies to represent the interests of the transportation industry and 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.

MTBMA 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.

Thank you,

Michael Sakata  
President and CEO  
Maryland Transportation Builders and Materials Association