
February 20, 2024

The Honorable Joseline A. Pena-Melnyk
Chair, House Health and Government Operations Committee
241 House Office Building
Annapolis Maryland 21401

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

Dear Chair Pena-Melnyk 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
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