



Senate Budget and Taxation Committee

February 5, 2025

Senate Bill 426 – *Procurement Reform Act of 2025*

LETTER OF INFORMATION

The Maryland Tech Council (MTC), with over 800 members, is the State's largest association of technology companies. Our vision is to propel Maryland to be the country's number one innovation economy for life sciences and technology. MTC brings the State's life sciences and technology communities into a united organization that empowers members to achieve their goals through advocacy, networking, and education. On behalf of MTC, we submit this letter of information for Senate Bill 426.

This Administration bill makes a number of changes intended to reform the way the State purchases goods and services. We appreciate the Administration's attention to Maryland's procurement system, which needs modernization and process improvements, and we support the Administration's proposals in this bill that further progress toward that goal.

However, we submit this letter of information to note that some portions of the bill impose substantial new requirements on entities that are awarded contracts with the State. Our membership is concerned that such new obligations may be difficult to comply with and, in some cases, jeopardize a company's ability to do business with the State. For example, the bill requires contractors to establish Internship and Registered Apprenticeship Programs if they are awarded a contract of over \$1,000,000. The bill does not define what an eligible internship program is. Industries such as information technology (IT), software, and cyber may not have a connected Registered Apprenticeship Program. Additionally, the bill allows the Labor Secretary to establish penalties for failure to use interns or apprentices as required, but it is unclear what those penalties will be. Given the lack of specifics around these new requirements, companies are concerned about how these provisions will impact their ability to do business with the State.

Members' companies have raised questions on other aspects of the bill, including the sections on procurement preferences for a "Good Labor Practices Certified Business" and the need for additional clarity around required "Workforce Diversity Plans". Further, and given that this bill is highly technical and lengthy in nature, we have members who are reviewing various components of this bill. MTC members are examining sections of the bill on how minority business participation goals are set during the contracting process, how procurements for IT services are conducted, and other technical components of the legislation. We expect to have additional specific feedback following the hearing of Senate Bill 426 and appreciate the Committee's and Administration's willingness to work with our membership as this bill is being deliberated.

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