

## Letter of Support

### **House Bill 500 – Procurement Reform Act of 2025** *Health and Government Operations Committee* *February 18, 2025*

As a member of the Board of Public Works, I am proud to meet with my colleagues nearly every other week to examine and consider state contracts through a transparent and collaborative process.

Since my term began, my team has engaged and collaborated with the Moore-Miller administration, Treasurer Dereck Davis, contractors, and dozens of additional stakeholders to understand, critique, and thoughtfully reimagine how best to create efficiencies in our sometimes-onerous procurement process and improve opportunities for small and minority-owned businesses, all while encouraging innovation. I value our partnership with the Moore-Miller administration and appreciate their work to bring this important legislation.

**What this bill does:** House Bill 500 seeks to improve state procurement by creating efficiencies within the procurement process timeline and increasing the Chief Procurement Officer's authority while also strengthening the state's commitment to small, minority, veteran, and women-owned businesses. My office has several suggested amendments that we believe will strengthen the intent and purpose of the bill while preserving the oversight of the Board of Public Works.

**Why this bill is important:** Maryland's procurement economy is more than 17% of our state's GDP and is a significant source of economic opportunity for our state and its residents. Improving state procurement has been a top priority of mine since coming into office. Many parts of the current procurement infrastructure are broken, leading to extended procurement timelines and onerous requirements. My team has met with dozens of stakeholders to hear their feedback, and my office also teamed with Drexel University to issue a Procurement Playbook, which provided a comprehensive assessment of Maryland's procurement ecosystem, which includes federal, state and local procurement. By reducing the number of barriers to participation while also maintaining transparency and public trust through the Board of Public Works approval process, the bill ensures that state procurement continues to strive towards a competitive and modern standard.

**I urge a favorable report on HB500 with amendments**, which are discussed below in detail.

A strong, efficient procurement system is how we build up Maryland's small businesses, help close the racial wealth gap and drive the economy. I look forward to continuing the discussion with Governor Moore and Treasurer Davis.



If you have any questions, please do not hesitate to reach out to Jasmine Clemons at [JClemons@marylandtaxes.gov](mailto:JClemons@marylandtaxes.gov) and Stephen Harrington at [SHarrington@marylandtaxes.gov](mailto:SHarrington@marylandtaxes.gov).

## **Suggested Amendments**

### **1: 21CFSE Working Group Deletion**

On page 50, strike beginning with “**INCLUDING**” in line 28 down through “**TIME**” in line 32.

**Justification:** House Bill 709 and Senate Bill 659, enacted April 11, 2023, established the 21st Century Financial System Enterprise (21CFSE) to modernize and transform the State’s Financial Management Information System (FMIS). Legislation established that multiple agencies should partner to conduct this statewide reform, including the Comptroller, State Treasurer’s Office, Department of Budget Management, Department of Information Technology, and the Department of General Services. Assessment of the potential payment features of the new financial system is already built into the discovery phase of the modernization project.

### **2: SBR 15 Days Late Payments Clarification**

On page 46, after line 13 insert:

- (i) **INTEREST SHALL ACCRUE IN ACCORDANCE WITH § 15–104 OF THE STATE FINANCE AND PROCUREMENT ARTICLE**

**Justification:** Clarifying that the small business reserve payments will follow the existing 31-day interest accrual timeline for state payments to vendors.

### **3: Source Selection Establishment**

On page 12, line 24 before “the” insert: **SUBJECT TO APPROVAL BY THE BOARD OF PUBLIC WORKS,**”

**Justification:** Clarifying language to preserve oversight of the Board of Public Works for procurement source selection which then may require changes in regulatory language.

### **4: Expedited Procurements**

Amend bill to allow the Chief Procurement Officer (along with the Board of Public Works, as under current law) to approve expedited procurements.

**Justification:** The Board of Public Works currently approves the use of the expedited procurement method before agencies issue a solicitation and a report is brought to the Board after award. This change would ensure that the Board would continue to review expedited procurements at the beginning of the process while allowing for the Chief Procurement Officer to approve the method.

### **5: Contract Modifications**

Retain current modification level at \$50,000 and delete addition of §15-112.1 to preserve current law.

**Justification:** Currently, regulations set by the Board require approval of all contract modifications greater than \$50,000. This amendment language seeks to preserve Board oversight and transparency of contract modifications.

#### **6: Master Contracting Procurement Method**

Retain current master contracting thresholds.

**Justification:** Current State Finance and Procurement law requires a solicitation to be sent to all qualified master contractors in the appropriate categories for task orders over \$100,000. The presented bill language would significantly limit the amount of competition on task orders.

#### **7: Study In-State v. Out of State Vendor Preference**

Add language requesting that the Board of Public Works Procurement Advisor conduct a study of the economic impacts of instituting an in-state vendor preference on all state procurements or some subset of state procurements. This would include assessing the impact on Maryland vendors who also do business with other states, assuming that other state procurement policies would allow for retaliation.

**Justification:** The state currently does not have an in-state vendor preference on any procurements due to the potential for retaliatory actions by neighboring states. However, this has not been studied by any state entity to evaluate the true economic impact of an in-state preference.