

LEGISLATIVE BLACK CAUCUS OF MARYLAND, INC.

The Maryland House of Delegates, 6 Bladen Street, Room 300, Annapolis, Maryland 21401 410-841-3185 • 800-492-7122 Ext. 3185 • Black.Caucus@house.state.md.us

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Chair Joseline A. Pena-Melnyk Health and Government Operations Committee 240 Taylor House Office Building Annapolis, Maryland 21401

Dear Chair Pena-Melnyk and Members of the Committee,

The Legislative Black Caucus of Maryland offers its strong and favorable support for House Bill 500 - Procurement Reform Act of 2025. This critical legislation will enhance economic opportunities, promote equitable business practices, and foster an inclusive and competitive marketplace that benefits Black Marylanders, other marginalized communities, and the state as a whole. This bill is a 2025 legislative priority for the Black Caucus.

This bill directly strengthens the Minority Business Enterprise (MBE) Program by increasing accountability and participation for small, minority-owned businesses. In Maryland, where Black-owned businesses make up approximately 32% of all minority-owned firms, expanding access to state procurement opportunities is essential to fostering economic growth and closing racial wealth gaps. House Bill 500 ensures greater transparency and accessibility in government contracting, empowering Black entrepreneurs to secure state contracts and reinvest in their communities.

Additionally, the legislation requires workforce diversity plans for contracts above \$500,000 and supplier diversity plans for contracts above \$250,000. With Black Marylanders comprising roughly 31% of the state's population, these measures will help address disparities in hiring, career advancement, and economic participation. Creating more inclusive contracting processes will provide sustainable career pathways, particularly for underrepresented groups in industries where procurement plays a significant role, such as construction, technology, and professional services.

HB 500 also strengthens our commitment to fair and ethical labor practices. The bill establishes procurement preferences for businesses with strong labor standards, ensuring that companies that uphold fair wages and safe working conditions have greater opportunities to compete for state contracts. These provisions will positively impact thousands of Black and minority workers by encouraging responsible employment practices, reducing wage disparities, and increasing job and economic stability.

Expanding small business reserve opportunities and procurement thresholds

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further ensures that black and minority-owned businesses can compete on a level playing field. Historically, Black-owned businesses have faced disproportionate barriers in accessing state contracts and financial resources. While total federal contract awards have steadily increased from \$689 billion in fiscal year 2020 to \$774.6 billion in 2023, federal contract data in the Fedmine Platform reveals that Black American-owned businesses have not experienced the same growth. In 2020, these businesses received \$9.58 billion in federal contracts, accounting for 1.39% of all awards. By 2023, that amount had risen slightly to \$9.99 billion, yet their share of total awards declined to 1.29%. By modernizing procurement processes and increasing support for small businesses, HB 500 fosters economic empowerment and growth in historically underrepresented communities. A more inclusive procurement landscape not only benefits minority entrepreneurs but also stimulates Maryland's economy, driving job creation and innovation.

Furthermore, this bill enhances government accountability by requiring reporting on diversity participation, procurement preferences, and waiver requests. These measures will ensure that Maryland's contracting system remains transparent and that progress toward economic inclusion is measurable and enforceable. This transparency is essential to ensuring that all businesses—regardless of size, ownership, or background—have a fair shot at success.

This legislation represents a necessary step toward ensuring equitable economic opportunity, fostering a stronger and more competitive business environment, and uplifting Black Marylanders and all marginalized communities across the state.

For these reasons, the Legislative Black Caucus of Maryland urges favorable consideration of House Bill 500.

Legislative Black Caucus of Maryland