

**Senate Bill 232 - State Procurement - Preferences -  
Historically Underutilized Business Zone Businesses**

**Position:** Letter of Information

**Committee:** Senate Budget and Taxation Committee

**Date:** January 28, 2026

**From:** John R. Woolums, Esq.

The Department of General Services (DGS) takes no position on Senate Bill 232 and is providing this Letter of Information for the Committee's consideration.

This legislation would establish a new category of small businesses, Historically Underutilized Business Zone businesses (HUBzone businesses). DGS appreciates the effort to support small businesses in communities in need of socioeconomic resources. However, SB 232's operational and fiscal effect is unclear because it is not known whether the program is intended to operate as part of small business reserve (SBR) or as a stand-alone preference program.

The program proposed to be established by this bill is drafted in a section of procurement law that is separate from the SBR program; however, the definition of a HUBzone business is incorporated into the definition of a small business under SBR. Regardless, the establishment of the program will result in both operational and fiscal impacts to DGS. In order to implement this bill, additional staff resources would be necessary to carry out the tracking, goal setting, contract compliance, and reporting for the HUBzone program.

The Procurement Reform Act of 2025 (HB 500, Ch. 601) was enacted to advance the SBR program. This recently enacted legislation expanded the SBR program to apply to all eligible procurements with a total dollar value of \$1,000,000 or less to be automatically designated to the SBR program. It is unclear if SB 232 would require an additional 1-3% participation of HUBzone businesses on top of the existing 20% SBR program requirement or if 1-3% would be a subset of the existing 20% allocated to the HUBzone businesses. Adding a HUBzone business designation may have the unintended consequence of impeding the growth of the SBR program.

Again, DGS is providing this testimony for informational purposes. DGS looks forward to further collaboration on this issue and efforts to continue supporting small businesses and economic development.

Contact: John R. Woolums, Esq., Director of Government and Legislative Affairs,  
(410) 260-2908 (O), (667) 434-0008 (M), [john.woolums@maryland.gov](mailto:john.woolums@maryland.gov)