SB 157 - Testimony - SUPP - 1-21-26 B&T Hearing on

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Maryland
DEPARTMENT OF
GENERAL SERVICES

Wes Moore, Governor | Aruna Miller, Lt. Governor | Atif Chaudhry, Secretary

SB 157 - State Procurement - Competitive Proof of Concept Procurement

Position: Support
Committee: Senate Budget and Taxation Committee
Date: January 21, 2026
Contact: John R. Woolums, Esq.

The Maryland Department of General Services (DGS) respectfully requests a favorable report on Senate Bill 157, legislation to improve and enhance the use of the "Competitive Proof of Concept" (CPC) procurement method.

The existing statute, codified as part of the Artificial Intelligence Governance Act (SB 818, 2024), sought to provide State agencies with access to cutting-edge products and services in quickly developing markets through a competitive procurement process. More specifically, a Competitive Proof of Concept, or CPC, is a procurement approach that allows the State to test and evaluate potential solutions on a small scale before committing to a full contract. Instead of selecting a vendor based only on written proposals, the State can see how different solutions actually perform in practice. This helps agencies make better-informed decisions while reducing risk and ensuring taxpayer dollars are spent efficiently and effectively for the purchase of an optimal solution.

Following enactment, DGS convened an inter-agency workgroup to implement this new law, which discovered that the statutory framework is not functioning as designed. Specifically, SB 818, as written, is limited to the proof-of-concept phase, has not been established as a standalone procurement method, and does not authorize full implementation of a solution. As a result, the current framework does not provide agencies with the flexibility and methodology necessary to efficiently evaluate, adapt, and transition innovative solutions into operational use.

Senate Bill 157 addresses these limitations and significantly strengthens the Competitive Proof of Concept procurement method by clarifying its purpose and establishing appropriate safeguards to ensure its use is limited to appropriate circumstances. This legislation formally establishes CPC procurement as a distinct method of source selection and authorizes a single solicitation to support multiple phases of a procurement.

Additionally, the Bill enhances oversight and transparency by: 1) requiring the Chief Procurement Officer's approval to use a CPC procurement when doing so is in the best interest of the State; 2) requiring all CPC solicitations to be posted on eMaryland Marketplace Advantage regardless of dollar value; and 3) allowing for more realistic socioeconomic goal setting to facilitate the achievement of appropriate MBE and VSBE participation goals.

Senate Bill 157 maintains existing requirements for the Secretary of the Department of Information Technology to approve the use of CPC for information technology-related procurements; for agencies to enter into a Memorandum of Understanding guaranteeing internal resources are available to manage the procurement while providing regular status updates; and requires agencies to submit award recommendations to the Board of Public Works according to existing dollar thresholds.

These prerequisite steps will ensure that the CPC procurement method is used in appropriate circumstances. After obtaining the required approvals, an agency may issue a solicitation based on a statement of objectives rather than prescriptive requirements. Vendors submit and demonstrate proposed solutions to the identified problem, and the State may evaluate multiple solutions during a proof-of-concept phase, ideally at no or minimal cost to the State.

The results of the proof-of-concept phase will inform the State's determination of whether one or more solutions warrant deployment. Any decision to issue a contract for implementation will be made only when doing so is in the best interest of the State.

By clarifying and modernizing the CPC framework, the State will benefit from a more innovation-driven procurement approach. Agencies will be able to more quickly evaluate real-world performance, select solutions that best meet their operational objectives, and pivot when needs evolve. A streamlined, phased process will shorten procurement timelines and reduce administrative burden, allowing the State to obtain critical supplies and services when they are needed rather than being locked into long-term, multi-year contracts that may limit competition and fail to keep pace with changing needs and potential solutions. Overall, this approach promotes continuous improvement, expands opportunities for vendors, and ensures the State has access to the most effective and innovative solutions as needs and technologies change.

The Department of General Services is confident that the revised CPC framework will function as intended by providing State agencies with a flexible, accountable, and innovation-focused procurement tool that supports timely evaluation, responsible deployment, and appropriate oversight of emerging solutions. The revisions are designed to promote competition, increase transparency, and ensure that CPC procurements are used only in appropriate circumstances. Collectively, these changes strengthen the State's ability to respond to evolving needs while maintaining sound procurement oversight and governance.

For these reasons, the Department of General Services (DGS) respectfully requests a favorable report on Senate Bill 157.

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