

Oral Testimony – House Bill 1206

Before the Government, Labor, and Elections Committee

Chair Melissa Wells

Vice Chair Ken Kerr

Madam Chair, Mr. Vice Chair, and distinguished members of the Committee:

I am Delegate N. Scott Phillips representing the 10th Legislative District.

House Bill 1206 is about protection, preservation, and prosperity.

It is about protecting Maryland businesses from federal instability. It is about preserving jobs, tax revenue, and contracting capacity. And it is about securing prosperity for communities that depend on these firms to survive and succeed.

Today, thousands of Maryland businesses certified as Disadvantaged Business Enterprises are caught in a federal reevaluation freeze. Until these firms are reevaluated and approved, DBE goals on federally funded contracts cannot reliably be placed or counted.

No goals means no guardrails. No guardrails means no guaranteed inclusion. No inclusion means shrinking opportunity.

And shrinking opportunity leads to shrinking revenue, shrinking payrolls, and shrinking participation in our procurement marketplace.

Maryland is not a marginal player in this system. We are one of the largest Unified Certification Programs in the nation. Public reporting shows that Maryland maintains over 10,000 certified firms in its directory, including more than 9,000 DBEs and hundreds of ACDBEs. Maryland accounts for an estimated 18 to 25 percent of all federally certified DBE firms nationwide.

Using conservative industry averages of approximately 9 employees per small contractor, nearly 87,000 Maryland jobs are tied to firms operating within this certification ecosystem. If even half of those firms experience meaningful disruption during the reevaluation bottleneck, more than 40,000 Maryland jobs are connected to businesses facing revenue contraction.

If those firms experience even a modest 10 percent revenue decline, billions of dollars in annual business activity are placed at risk—along with hundreds of millions in potential state and local tax exposure.

These firms are not abstract policy instruments. They are employers. They are entrepreneurs. They are economic engines embedded in our communities.

They hire locally. They mentor locally. They reinvest locally.

If our values in Maryland are to expand equitable participation in government contracting, then allowing reevaluation delays to quietly suffocate these firms would be a silent setback—a death knell for many minority-owned businesses that have fought for decades to gain a foothold in public procurement.

House Bill 1206 is not about expanding eligibility. It is not about lowering standards. It is not about preferences.

It is about preparation.

The bill establishes a temporary DBE Reevaluation Assistance Program within the Department of Social and Economic Mobility, in collaboration with the Department of Commerce. It provides technical support—application preparation, financial documentation review, ownership and control verification, narrative drafting, and pre-submission completeness checks.

In short, it prevents process from becoming punishment.

It ensures that Maryland firms do not lose certification because of paperwork pitfalls or procedural problems during a period of federal uncertainty.

It is structured. It is strategic. It sunsets in two years.

This is a stabilization statute—a bridge through turbulence.

Members of the Committee, this is a moment for foresight over fallout, prevention over paralysis, and preservation over regret.

House Bill 1206 safeguards our supplier base, secures federal dollars, and sustains small businesses that sustain our State.

I respectfully ask for a favorable report.

Thank you.