

Department of Legislative Services
Maryland General Assembly
2016 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 1537

(Delegate Hixson, *et al.*)

Health and Government Operations

Education, Health, and Environmental Affairs

Procurement - Priority of Purchasing Preferences - Individual With Disability
Owned Business

This bill combines the procurement preferences for community service providers and businesses owned by individuals with disabilities.

Fiscal Summary

State Effect: State expenditures (all funds) may decrease minimally for some procurement contracts that are subject to increased competition among preferred providers. Increased competition has been shown to lower the cost of procurement contracts. The overall effect on procurement expenditures is not expected to be meaningful. No effect on revenues.

Local Effect: None.

Small Business Effect: Meaningful.

Analysis

Current Law/Background: State procurement law defines a “preferred provider” to be a provider of supplies or services that is given preference in specified provisions of current State procurement law. Current preferred providers are Maryland Correctional Enterprises (MCE), Blind Industries and Services of Maryland (BISM), the Employment Works Program, and businesses owned by individuals with disabilities. State agencies and State-aided or -controlled entities must procure services and supplies from MCE, BISM, the Employment Works Program, or a business owned by an individual with a disability, in that order of preference. Only if none of those entities produces or provides the desired supplies or services may a State agency issue a competitive procurement.

The Employment Works Program is established by statute within the Department of General Services to facilitate the distribution of procurement contracts for supplies and services among community service providers and businesses owned by individuals with disabilities. The Secretary of General Services is required to designate Maryland Works, Inc., or another appropriate coordinating entity, to manage the program.

Since the Employment Works Program, as administered by Maryland Works, coordinates preferences for both community service providers and businesses owned by individuals with disabilities, the bill eliminates the distinction between them. As a result, they will compete with each other for procurement contracts instead of community service providers having preference ahead of businesses owned by individuals with disabilities.

Small Business Effect: Businesses owned by individuals with disabilities will now compete directly with community service providers for procurement contracts that neither MCE nor BISM can perform.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): University System of Maryland, Department of Budget and Management, Department of General Services, Department of Public Safety and Correctional Services, Board of Public Works, Maryland Department of Transportation, Department of Legislative Services

Fiscal Note History: First Reader - March 29, 2016
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