

**Department of Legislative Services**  
Maryland General Assembly  
2022 Session

**FISCAL AND POLICY NOTE**  
**Third Reader - Revised**

Senate Bill 644

(Senator Salling)

Budget and Taxation

Health and Government Operations

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**Department of General Services - Study on Procurement Preferences for  
Businesses in Historically Underutilized Business Zones**

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This bill requires the Department of General Services (DGS), in consultation with the Governor's Office of Small, Minority, and Women Business Affairs, to study the feasibility and impacts of establishing a State procurement percentage preference for businesses located in historically underutilized business zones (HUBZones). By December 1, 2022, DGS must report its findings and recommendations to the General Assembly. **The bill takes effect June 1, 2022, and terminates May 31, 2023.**

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**Fiscal Summary**

**State Effect:** None. DGS can conduct the study with existing budgeted resources. No effect on revenues.

**Local Effect:** None.

**Small Business Effect:** None..

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**Analysis**

**Bill Summary:** The study must address:

- the potential benefits to businesses in HUBZones;
- the costs of establishing and administering the preference;
- how to best track and report participation of HUBZone businesses; and
- any other issue relating to the establishment of a State procurement preference for HUBZone businesses.

**Current Law:** The purpose of the federal HUBZone program is to provide federal contracting assistance for qualified small businesses located in HUBZones in an effort to increase employment opportunities, investment, and economic development in those areas.

In order to be eligible for HUBZone certification by the federal Small Business Administration, the business must:

- meet federal small business size standards;
- have a principal office in a HUBZone;
- have at least 35% of its employees reside in a HUBZone;
- be owned and controlled by a U.S. citizen; and
- meet additional ownership criteria based on race or socioeconomic status.

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### **Additional Information**

**Prior Introductions:** None.

**Designated Cross File:** None.

**Information Source(s):** Department of Information Technology; Governor's Office of Small, Minority, and Women Business Affairs; Office of the Attorney General; Judiciary (Administrative Office of the Courts); University System of Maryland; 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 - February 28, 2022  
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