



## **Bill 39-19 - Contracts and Procurement - Local Small Business Reserve Program (LSBRP) - Amendments**

Public Hearing  
January 14, 2019

### **SUPPORT**

On behalf of the Montgomery County Chamber of Commerce, the Greater Bethesda Chamber of Commerce, the Gaithersburg-Germantown Chamber of Commerce, and the Greater Silver Spring Chamber of Commerce and the thousands of employers and employees our organizations represent, **we jointly support Bill 39-19 - Contracts and Procurement - Local Small Business Reserve Program (LSBRP) - Amendments.**

Bill 39-19 has four main components: amend the Local Small Business Reserve Program by allowing non-profits to qualify; amend the LSBRP to increase the percentage from 20% to 25% of Department Contracts; create a goal of 50% for direct purchases and contracts for all Montgomery County Departments; and create a sunshine provision around the direct purchases, where the Office of Procurement would create a report card for meeting the 50% goal.

Since 2010, the County Government has met or exceeded the current goal of 20% of eligible contract dollars to LSBRP-registered businesses. Last year, the Montgomery County Office of Procurement reported that the LSBRP set a new, record high of spending – 26.8% of eligible contracts or \$115 million in fiscal year 2018 (FY18). Raising the goal, and further investment in our small businesses, strengthens the local economy. Continuing, by both prioritizing and setting a goal for purchases under \$10,000, additional opportunities are afforded to local businesses.

While our Chambers support the broad concept of nonprofits participation in this program, we have the following potential concerns that should be discussed during the PHED Committee's work session on this legislation.

- Nonprofits that receive significant operational funding from the county have a competitive advantage over private companies not receiving County funds. As such, is there an eligibility threshold as to total amount and/or percentage of County funds received?
- If nonprofits are eligible for procurement contracts, what differentiates a County grant from a procurement contract? What types of goods and services would a nonprofit offer to the County, that is outside the County grant process?

For the aforementioned reasons, our Chambers jointly support **Bill 34-10** and urge a favorable report. Thank you for your consideration.