

HOUSE BILL 448 TESTIMONY
MARCH 14, 2007

GOOD AFTERNOON, MY NAME IS KELVIN JENKINS, president of Mid-Atlantic Marketing Consultants for the past 20 years. I am here today to personally let you know how **House Bill 448** will severely impact my small business and our ability to... Effectively Compete; Meet Capitalization Plans; and Enhance our Creative Capacity. I would also like to provide alternative tax-revenue recommendations.

Small firms like mine compete with other small firms in Maryland, large firms in Maryland, and firms outside the State of Maryland for contracts. If **HB 448 passes**, I will be forced to raise my rates and as a result my business is placed at a competitive disadvantage. Currently, the only advantage small businesses have to secure contracts is offering a slightly lower rate. If I'm forced to increase my rates 5%, and continue competing with larger firms, and firms outside the State of Maryland I have loss the only advantage I have to secure and retain new business. And, although the State has a Minority Business Enterprise program, State contracts continue to seek the lowest price from vendors. On one hand, the State continues to express its desire to create a level playing field for minority businesses, but on the other hand, the State rewards contracts based on BEST PRICE.

What happens to small and minority businesses that can't absorb a 5% tax hike? Is the State willing to provide minority businesses with a 5% credit on all State Procurement Contracts?

Instead of making it more challenging for Maryland businesses to compete, retain creative talent, grow and expand our organizations... I strongly recommend embracing the Sage Policy Group's **2004** report showing that the Baltimore region could add more than **\$5 billion in annual sales** and **create more than 32,000 jobs** if the number of minority and women-owned businesses was in proportion to other regions its size. **That's \$5 Billion dollars in additional revenue** instead of raising taxes and causing significant hardships for small and minority businesses.

A number of organizations and individuals are working diligently and committed to moving minority businesses closer to realizing the \$5 Billion dollar annual State revenue. For example...

- Congressman Cummings, Ron Peterson at John Hopkins & Jack Shannon at EBDI has committed to a 35% procurement goals associated with the \$800 million dollar East Baltimore Bio-Technology project.

- Don Fry... at The Greater Baltimore Committee developed its Bridging the Gap Initiative which is designed to increase procurement between minority and majority firms in the region. In the past three years, 3- leading hospitals... The University of MD Medical Systems, Johns Hopkins Medicine and MedStar Health collectively increased minority procurement 16% which represents \$31 million dollars towards minority businesses.

My recommendation is to continue developing minority businesses so we can become active participants in our State's economy... and realize the \$5 Billion dollars potential without raising taxes on advertising, marketing, consulting and other professional services.

Thank You,