

SENATE BILL 675

Unofficial Copy
P2

1998 Regular Session
(8lr2368)

ENROLLED BILL

-- Economic and Environmental Affairs/Commerce and Government Matters --

Introduced by **Senator McFadden (Baltimore City Administration)**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this
____ day of _____ at _____ o'clock, ____ M.

President.

CHAPTER _____

1 AN ACT concerning

2 **Procurement - Security for Construction Contracts**

3 FOR the purpose of altering the threshold dollar amount in a requirement that
4 contractors provide payment security and performance security under certain
5 construction contracts awarded by certain public bodies; altering the threshold
6 dollar amount in a provision authorizing Baltimore City to adopt a program to
7 satisfy certain bonding requirements; *requiring that the program provide for a*
8 *certain minimum level of payment security*; and generally relating to required
9 security for construction contracts under the Procurement Law.

10 BY repealing and reenacting, with amendments,
11 Article - State Finance and Procurement
12 Section 17-102 and 17-103
13 Annotated Code of Maryland
14 (1995 Replacement Volume and 1997 Supplement)

1 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
2 MARYLAND, That the Laws of Maryland read as follows:

3 **Article - State Finance and Procurement**

4 17-102.

5 (a) This subtitle does not limit the authority of a public body to require
6 performance security in addition to, or in cases other than, those specified under §§
7 17-103, 17-104, 17-106, and 17-107 of this subtitle.

8 (b) This subtitle applies only to security for a construction contract.

9 (c) (I) By ordinance, Baltimore City may provide for a program to satisfy
10 the bonding requirements under §§ 17-103, 17-104, 17-106, and 17-107 of this
11 subtitle with respect to any construction contract:

12 ~~(I)~~ (I) that does not exceed [\$100,000] \$200,000; and

13 ~~(II)~~ (II) for which State money is not used.

14 (2) THE PROGRAM SHALL PROVIDE FOR PAYMENT SECURITY OF AT
15 LEAST 50% OF THE TOTAL AMOUNT PAYABLE UNDER THE CONTRACT.

16 17-103.

17 (a) (1) Before a public body awards a construction contract exceeding
18 [\$50,000] \$100,000, the contractor shall provide payment security and performance
19 security that meet the requirements of § 17-104 of this subtitle.

20 (2) The security shall be:

21 (i) for performance security, in an amount that the public body
22 considers adequate for its protection; and

23 (ii) for payment security, at least 50% of the total amount payable
24 under the contract.

25 (b) A public body, other than the State or a unit of the State government, may
26 require payment security or performance security for a construction contract if:

27 (1) the contract exceeds \$25,000 but does not exceed [\$50,000] \$100,000;
28 and

29 (2) the amount of the security does not exceed 50% of the contract
30 amount.

31 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
32 October 1, 1998.

