

SENATE BILL 675

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1998 Regular Session
8lr2368
CF 8lr2369

By: **Senator McFadden (Baltimore City Administration)**
Introduced and read first time: February 11, 1998
Assigned to: Rules
Re-referred to: Economic and Environmental Affairs, February 18, 1998

Committee Report: Favorable
Senate action: Adopted
Read second time: March 18, 1998

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; and generally relating to required
8 security for construction contracts under the Procurement Law.

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

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

16 **Article - State Finance and Procurement**

17 17-102.

18 (a) This subtitle does not limit the authority of a public body to require
19 performance security in addition to, or in cases other than, those specified under §§
20 17-103, 17-104, 17-106, and 17-107 of this subtitle.

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

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

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

5 (2) for which State money is not used.

6 17-103.

7 (a) (1) Before a public body awards a construction contract exceeding
8 [~~\$50,000~~] \$100,000, the contractor shall provide payment security and performance
9 security that meet the requirements of § 17-104 of this subtitle.

10 (2) The security shall be:

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

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

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

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

19 (2) the amount of the security does not exceed 50% of the contract
20 amount.

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