

Department of Legislative Services
Maryland General Assembly
2013 Session

FISCAL AND POLICY NOTE

House Bill 1289 (Delegates Tarrant and Mitchell)
Health and Government Operations

**Baltimore City Board of School Commissioners - Transportation Services -
Preference for In-State Contractors**

This bill establishes a 10% bid preference for in-state bidders on transportation service procurements by the Baltimore City Board of School Commissioners. The preference may only be applied if it does not conflict with a federal law or grant affecting the procurement contract.

Fiscal Summary

State Effect: None. The bill applies only to Baltimore City.

Local Effect: Baltimore City Public Schools (BCPS) may incur additional costs to the extent that the resident bid preference results in awarding transportation service contracts to companies that do not submit the lowest bids. However, BCPS bus service contracts are not scheduled to be rebid until fiscal 2018. **This bill imposes a mandate on a unit of local government.**

Small Business Effect: Meaningful for transportation service providers.

Analysis

Current Law: Preference for State contracts can be given to resident bidders or offerors only if a nonresident bidder or offeror with the lowest responsive bid or most advantageous proposal is from a state that gives preference to its resident bidders or offerors.

According to the National Association of State Procurement Officials, 25 states provide a legal preference for in-state bidders or products, including 17 in which the preference is mandatory. Thirty-five states have reciprocal preference laws similar to Maryland's, including all states in the mid-Atlantic region, except Delaware.

BCPS is not subject to State procurement rules. However, State law requires that it adopt rules and regulations governing the procurement of goods and services in accordance with provisions of State law that require it to (1) post public notice; (2) conduct competitive procurements; and (3) abide by specified minority business enterprise utilization goals for procurements of school construction, supplies, and equipment. State law does not address BCPS procurement of services, including transportation services.

Background: The Maryland State Department of Education advises that BCPS recently opened its bus service contracts to competitive bidding. Among the bidders were 17 resident bidders and 2 nonresident bidders, including 1 that has provided bus service to BCPS for many years. Both nonresident bidders were among the 9 companies that were awarded contracts; 7 of the 10 resident bidders that were not awarded contracts had provided bus service to BCPS for many years. Contracts awarded under the recent procurement are for five years and, therefore, expire in fiscal 2018.

During the 2011-2012 school year, BCPS transported 27,805 students, spent \$41.5 million on student transportation, and received \$18.3 million in State transportation aid. It owned 48 buses and contracted for an additional 315 buses. Among the 24 local school systems in the State, BCPS transports by far the lowest percentage of its student enrollment (33%).

Small Business Effect: Resident small businesses that provide bus service benefit from a 10% bid preference for BCPS transportation contracts. However, they may face adverse effects to the extent that they bid on out-of-state bus service contracts with school districts that invoke reciprocal preference policies.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Baltimore City, Board of Public Works, Maryland State Department of Education, Governor's Office, Department of General Services, Department of Legislative Services

Fiscal Note History: First Reader - March 4, 2013
mc/rhh

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