

Department of Legislative Services
Maryland General Assembly
2015 Session

FISCAL AND POLICY NOTE

House Bill 1213 (Delegate Miele)
Rules and Executive Nominations

State Finance and Procurement - One Maryland Blue Ribbon Commission

This bill establishes the One Maryland Blue Ribbon Commission to review specified issues related to the participation of businesses located in Maryland in State procurement and to develop policy recommendations on how the State can improve the procurement process to ensure greater participation by such businesses. Members of the commission may not be compensated but may be reimbursed for expenses. The Department of Business and Economic Development (DBED) staffs the commission, which must report its findings and recommendations to the Governor and General Assembly by December 31, 2015.

The bill takes effect July 1, 2015, and terminates June 30, 2016.

Fiscal Summary

State Effect: None. DBED can staff the commission with existing budgeted resources.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law/Background: 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. The State does not systematically track the residency of State contractors. However, the Department of General Services advises that 9,211 of the

25,516 (36.1%) businesses registered with eMaryland Marketplace to bid on State contracts are not located in the State.

For procurements that use competitive sealed proposals and are valued at more than \$25,000, procurement officers may include an economic benefits factor in evaluating proposals that are submitted. The economic benefits factor may include an assessment of the economic benefits to the State, the offeror's intended procurements from Maryland subcontractors and suppliers, the number of jobs generated for Maryland residents, and other similar factors. For procurements that use a point system to evaluate proposals, up to 10% of total points awarded may be for the economic benefits factor.

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.

Given the regional nature of the Maryland economy, nonresident firms often work on Maryland projects, and Maryland firms often work on projects in neighboring states. For instance, a 2011 analysis of the Dulles Metro Rail project in Virginia conducted by the Metropolitan Washington Airports Authority found that one-half of the workers on the project were Maryland residents, outnumbering Virginia residents on the project.

Additional Information

Prior Introductions: None.

Cross File: SB 662 (Senator Ready, *et al.*) - Education, Health, and Environmental Affairs.

Information Source(s): Department of Business and Economic Development, Department of General Services, National Association of State Procurement Officials, Department of Legislative Services

Fiscal Note History: First Reader - March 6, 2015
min/ljm

Analysis by: Michael C. Rubenstein

Direct Inquiries to:
(410) 946-5510
(301) 970-5510