

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 648
Finance

(Senator Ellis)

Economic Matters

Business Regulation - Contractors, Subcontractors, and Brokers - Prohibited Conduct

This bill prohibits a person from serving as a contractor, subcontractor, or broker between a contractor and subcontractor in the State within five years of being convicted of an offense constituting criminal malfeasance, misfeasance, or nonfeasance under federal or State law.

Fiscal Summary

State Effect: The bill does not directly affect governmental operations or finances.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: Under State procurement law, a person must be debarred from entering into a contract with any public body in the State if the person has been convicted for bribery or other related crimes committed in the process of seeking a contract with a public body. Statute specifies numerous other grounds for which a person may be debarred from contracting with any public body or, in some cases, only with the State, generally related to criminal convictions for specified crimes. Debarment proceedings are held before the Board of Public Works following procedures outlined in statute.

Additional Comments: The bill is drafted in Title 19 of the Business Regulation Article, for which there are no applicable definitions of the terms “broker,” “contractor,” or

“subcontractor.” However, “contractor” and “subcontractor” are defined under Title 8 of the same article, which establishes the Maryland Home Improvement Commission (MHIC) and the licensure and regulation of home improvement contractors (who may then act as subcontractors). Qualifications for licensure as a contractor under Title 8 do not specifically include lack of a criminal conviction. Nevertheless, under separate provisions, an applicant for a contractor license may have the license denied and a licensed contractor may have the license suspended or revoked (or may be reprimanded) if, under federal or any state laws, the applicant or licensee is convicted of a felony or of any misdemeanor directly related to the fitness and qualification of the applicant or licensee to engage in home improvement services. Therefore, even if the bill is interpreted to apply to the licensure of home improvement contractors by MHIC, it may only establish a timeframe during which such an individual would not be able to secure or maintain a contractor license from MHIC.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: HB 211 (Delegate Taveras) - Economic Matters.

Information Source(s): Department of General Services; Maryland Department of Labor; Board of Public Works; Department of Legislative Services

Fiscal Note History: First Reader - February 2, 2024
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