

**AOToC - SB0780-483121-01**

Uploaded by: Pinsky, Senator Paul

Position: FAV

BY: Senator Pinsky

(To be offered in the Education, Health, and Environmental  
Affairs Committee and the Budget and Taxation Committee)

AMENDMENTS TO SENATE BILL 780

(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 7, strike “requiring” and substitute “authorizing the Legislative Policy Committee to request that”; in the same line, strike “to”; and in line 8, strike “within a certain time frame”.

AMENDMENT NO. 2

On page 2, in line 22, strike “**WITHIN 8 MONTHS AFTER**” and substitute “**AFTER**”; in line 23, after the comma insert “**THE LEGISLATIVE POLICY COMMITTEE MAY REQUEST THAT**”; and in line 24, strike “**SHALL**”.

**SB 780\_MDCEP\_FAV.pdf**

Uploaded by: Schumitz, Kali

Position: FAV

# All State Spending Should Be Subject to Transparency Standards

## Position Statement in support of Senate Bill 780

*Given before the Education, Health, and Environmental Affairs Committee*

Maryland's budget is a moral document that has the power to move us toward broadly shared prosperity if invested wisely, and just as much power to move us in the wrong direction if not. Transparency is essential to ensure our shared investments benefit every Marylander, not just the powerful few. Ensuring timely and meaningful oversight of purchases during a state of emergency is in line with existing state transparency guidelines. For these reasons, the Maryland Center on Economic Policy supports Senate Bill 780.

Maryland appropriately provides flexibility for the governor to address urgent and unexpected state needs during a state of emergency with spending outside of the approved budget. As the state responded to the coronavirus pandemic, this ensured we could purchase protective equipment and increase staffing in key areas like public health and unemployment to meet Marylanders' needs. However, such purchases should still be subject to reasonable oversight and transparency to ensure that state resources were used appropriately and effectively.

As Maryland and other states experienced in 2020, the speed and urgency of large state purchases of essential supplies during an emergency can create opportunities for price gouging, fraud, and other challenges. Senate Bill 780 would provide basic oversight for purchases made during a state of emergency by providing prompt notice to the Legislative Policy Committee of the purchase and the reasons for it. It would also institute an auditing process for such purchases.

This is a balanced approach that ensures that state agencies can still respond quickly to specific needs during a state of emergency while also ensuring that the legislature can properly perform its oversight of the use of public funds and respond to questions from constituents about how public funds are being used to respond to the emergency. Having an audit process afterward could help resolve issues and refine best practices for future emergency procurement.

All state expenditures should be subject to transparency and accountability standards as every other state expenditure. Disclosure of state payments brings benefits, such as making it harder for state or local officials to self-deal and enabling public accountability for the equitable investment of state procurement dollars. Transparency and accountability remain important values even as situations like the COVID-19 pandemic or a natural disaster require quick action outside of normal state procurement processes, .

**For these reasons, the Maryland Center on Economic Policy respectfully requests that the Education, Health, and Environmental Affairs Committee make a favorable report on Senate Bill 780.**

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## Equity Impact Analysis: Senate Bill 780

### *Bill summary*

Senate Bill 780 requires notice to the Legislative Policy Committee within 72 hours of executing emergency procurements during a state of emergency. It also requires the Office of Legislative Audit to audit emergency procurement one year after the procurement.

### *Equity Implications*

Strengthening transparency and accountability standards brings a number of equity benefits:

- Greater transparency will allow the public to determine whether the state is equitably awarding contracts to small, minority, and women-owned businesses.
- Greater transparency will allow the public to determine whether the state does business with companies that violate labor law or avoid or evade their tax responsibilities.
- Greater transparency will allow more effective monitoring of officials' ethical and legal compliance, ensuring that our shared investments benefit all Marylanders, not just the powerful few.

### *Impact*

Senate Bill 780 would likely **improve racial and economic equity** in Maryland.

# **2021 SB 780 States of Emergency-Emergency Procurem**

Uploaded by: Robertson, Ellen

Position: INFO

Larry Hogan  
Governor

Boyd K. Rutherford  
Lt Governor



Ellington E. Churchill, Jr.  
Secretary

Nelson E. Reichart  
Deputy Secretary

OFFICE OF THE SECRETARY

**BILL:** Senate Bill 780 - States of Emergency - Emergency Procurement and Budget Amendments - Notice and Authorization  
**COMMITTEE:** Senate Education, Health, and Environmental Affairs  
**DATE:** March 4, 2021  
**POSITION:** Letter of Information

Upon review of Senate Bill 780 – States of Emergency – Emergency Procurement and Budget Amendments – Notice and Authorization, the Department of General Services (DGS) provides these comments for your consideration.

Senate Bill 780:

- Requires the Governor or the head of a unit to report to the Legislative Policy Committee an emergency procurement contract within 72 hours after execution of the contract or expenditures of the funds, whichever comes first.
  - To require an agency to report the award of an emergency contract within 72 hours of making the award would be an administrative challenge and would impose an arbitrary component to a process used **only when necessary and to avoid or mitigate serious damage to public health, safety, or welfare.**
  - Agencies are currently required to report emergency contracts to the Board of Public Works within 45 days of award; Senate Bill 780 will **accelerate the expanded reporting requirements by 42 days and may warrant the need for additional staff.**
- Requires the Office of Legislative Audits to conduct an audit of the emergency procurement contract within one year of award.
- Requires the Governor to provide written notice to the Legislative Policy Committee and the Administrative, Executive, and Legislative Review Committee within 72 hours of the suspension of a statute, rule, or regulation.
- Requires the Board of Public Works to approve a budget amendment, if the amendment is essential to maintaining public safety, health, or welfare, including protecting the environment or the economic welfare of the State.

Senate Bill 780 may inhibit an agency and procurement leaders to address matters of risk to public safety or property. The current emergency method, adopted by most states, was specifically intended to immediately address those risks.

For additional information, contact Ellen Robertson at 410-260-2908.

