

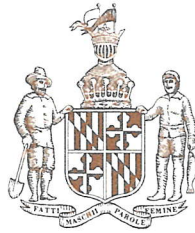
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Budget and Taxation Committee

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THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Senate Bill 375 – State Contracts – Prohibited Provisions

March 19, 2024

Madame Chair and Members of the Health and Government Operations Committee:

State agencies enter into hundreds of contracts and other legal agreements every year. Contracts with vendors and other organizations frequently contain numerous contract terms that Maryland agencies are not authorized to accept, such as the governing law of other states, broad indemnification terms, and binding arbitration. And many vendor contracts now incorporate terms found on vendor websites, which allows vendors to unilaterally modify contracts.

Over the past 10 years, vendors have become unwilling to change their boilerplate contract terms *unless* State contracting personnel can identify a statutory prohibition on certain contract terms.

Senate Bill 375 would provide precisely the type of statute that vendors have requested. Without such a statute in place, negotiations often take months and are not resolved until an attorney for the State agency is able to connect with an attorney for the vendor; even then, negotiations can fail. This is frustrating for all involved, including the vendor.

This bill will streamline the contracting process for all Maryland agencies, significantly reduce personnel time required to negotiate (sometimes hundreds of hours for zero-dollar contracts), reduce frustration for State personnel and vendors, and protect the State by reducing the risk of liability and litigation.

I respectfully request a favorable report on Senate Bill 375.