



Wes Moore | Governor
Aruna Miller | Lt. Governor
Harry Coker, Jr. | Secretary of Commerce

DATE: January 21, 2026
BILL NO: Senate Bill 77
BILL TITLE: State Contracts – Prohibited Provisions - Exemptions
COMMITTEE: Senate Budget and Taxation
POSITION: Support

The Maryland Department of Commerce (Commerce) supports Senate Bill 77 – State Contracts – Prohibited Provisions – Exemptions.

Bill Summary:

Senate Bill 77 adds contracts entered into by the Commerce Office of International Investment and Trade (OIIT) to the stated exemptions from State Finance and Procurement Article §2-901 which prohibits State contracts from including certain provisions.

Background:

Commerce OIIT is established in statute (Economic Development Article §3-301 through 3-308) with the goal of promoting the development of international business activities and opportunities in the State. OIIT has several statutory obligations and authorities, including the authority to enter into contracts and make grants. Due to the international nature of these contracts, OIIT’s statutory authority includes an exemption from Division II of the State Finance and Procurement Article. Economic Development Article §3-303 specifically states that OIIT’s procurements “for services to be performed or supplies to be delivered outside the State shall be consistent with, but not subject to, Division II of the State Finance and Procurement Article.” However, OIIT is not exempt from Division I of the State Finance and Procurement Article.

Rationale:

In order to be able to fulfil its statutory obligations to participate in foreign trade missions, trade shows, and other international activities, the Commerce Office of International Investment and Trade has a limited procurement exemption. This exemption from Division II of the State Finance and Procurement Article has been sufficient for OIIT to be able to enter into necessary contracts and complete their work, but recent changes in Division I of the State Finance and Procurement Article potentially impact existing practice for these international contracts. More specifically, the changes to Division I enumerate contract provisions that State contracts are prohibited from including. Given the nature and location of its international contracts, OIIT is required to include some of the Division I prohibited contract provisions in its international contracts in order to participate in international trade shows and conventions as required by its enabling statute. Commerce believes that §2-901(b) allows OIIT to include these prohibited items in contracts when necessary due to OIIT’s statutory obligation to participate in international trade shows and other international activity, but it is ambiguous and Commerce would prefer to explicitly codify the exemption. SB 77 does just that by exempting OIIT from the requirements of Division I strictly for contracts entered into for international activities. The limited exemption to Division I granted to OIIT as set forth in SB 77 would make Division I consistent and harmonious with the exemption granted to OIIT from Division II, thereby fulfilling the legislative intent behind OIIT’s limited statutory exemption to Division II.

Commerce respectfully requests a favorable report on Senate Bill 77.