

**Maryland General Assembly  
Department of Legislative Services**

**Proposed Regulation  
State Procurement Regulations**

(DLS Control No. 20-016)

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**Overview and Legal and Fiscal Impact**

These regulations implement Chapter 782 of 2017, which requires contractors and subcontractors that are awarded certain State contracts to be affiliated with certain apprenticeship programs or make payments to the State Apprenticeship Training Fund or apprenticeship programs.

The regulations present no legal issues of concern.

There is no fiscal impact on State or local agencies.

**Regulation of COMAR Affected**

**State Procurement Regulations:**

Socioeconomics Policies: Veteran-Owned Small Business Enterprises:  
COMAR 21.11.13.01 through .11

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**Legal Analysis**

**Background**

Chapter 782 of 2017 created a new Subtitle 6A in the State Finance and Procurement Article that establishes requirements for contractors and subcontractors awarded “covered contracts” that are: (1) for a capital construction project funded with at least \$1,000,000 of funds in the State Capital Budget; (2) entered into by the recipient of the funding in the State Capital Budget and a contractor, or the contractor and a subcontractor; and (3) for an amount of \$500,000 or more. Under the Act, contractors and subcontractors awarded “covered contracts” are required to: (1) be affiliated with a registered apprenticeship program and use apprentices in each covered craft that is used; (2) make payments to the State Apprenticeship Training Fund; or (3) make specified payments directly to a registered apprenticeship program.

**Summary of Regulations**

The regulations implement Chapter 782 to require each contractor or subcontractor awarded a covered contract to be affiliated with a registered apprenticeship program and: (1) use apprentices from registered apprenticeship programs; (2) make payments to the State

Apprenticeship Training Fund; or (3) make payments to a registered apprenticeship program. The regulations provide that payments made to the Fund or to a registered apprenticeship program in lieu of a contractor or subcontractor using apprentices from a registered program shall be 25 cents per hour for each employee who is employed to complete the contract. Contractors and subcontractors awarded covered contracts are required to provide certain information to the Department of Labor to verify their compliance with the regulations. The regulations require that registered apprenticeship programs register with the department and provide, on request of contributing contractors and subcontractors, documentation verifying the contractors' affiliation with the program. Finally, the regulations provide that the Secretary of Labor may investigate suspected noncompliance by contractors and subcontractors and issue administrative charges, and provide a procedure by which contractors and subcontractors may contest alleged violations.

### **Legal Issues**

The regulations present no legal issues of concern.

### **Statutory Authority and Legislative Intent**

The department cites §§ 17-6A-01 through 17-6A-06 of the State Finance and Procurement Article as statutory authority for the regulations. Specifically, § 17-6A-05 requires the Secretary to adopt regulations to carry out the provisions of Subtitle 6A.

This authority is correct and complete. The regulations comply with the legislative intent of the law.

### **Fiscal Analysis**

There is no fiscal impact on State or local agencies.

### **Agency Estimate of Projected Fiscal Impact**

The department advises that the number of contracts subject to the regulations is small and the likely contributions to the State Apprenticeship Training Fund are minimal. The Department of Legislative Services concurs and notes that the regulations implement Chapter 782 of 2017, so any minimal revenue effect for the fund is due to the statutory provisions, not the regulations.

### **Impact on Budget**

There is no impact on the State operating or capital budget.

### **Agency Estimate of Projected Small Business Impact**

The department advises that the regulations have minimal or no economic impact on small businesses in the State. The Department of Legislative Services concurs.

## **Contact Information**

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