

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE
Revised

House Bill 352 (Delegate Poole, et al.)
(Governor's Task Force on Procurement)
Commerce and Government Matters

State Procurement - Small Procurement Process - Threshold

This bill increases the monetary value of a "small procurement" contract from \$10,000 to \$25,000.

Fiscal Summary

State Effect: Indeterminate effect on expenditures; revenues would not be affected.

Local Effect: Indeterminate effect on expenditures; revenues would not be affected.

Fiscal Analysis

State Expenditures: For those contracts in the \$10,000 to \$25,000 range, agencies are currently required to post the contract for a minimum of 10 days and accept only competitive sealed bids. Small procurement contracts do not require competitive sealed bids, and are currently divided into three categories. Solicitations for Category I (up to \$1,000) and Category II (\$1,000 to \$5,000) contracts can be done in one or two days, respectively. Category III contracts range from \$5,000 to \$10,000 and must be posted or published for a minimum of three days.

Under this bill, it is assumed that contracts in the \$10,000 to \$25,000 range will have requirements at least as stringent as current Category III procurements. The reduced time delay in filling contracts in the above price range could result in operating efficiencies which would lead to administrative cost savings.

However, it is possible that these savings could be offset by increased contract costs due to less competitive bidding procedures. While the total number of contracts that would be affected is not known at this time, the Department of General Services reports that approximately 19.5% of its purchase orders and contracts are in the \$10,000 to \$25,000 price range.

Local Expenditures: Local governments would only be affected if they follow State procurement guidelines. In such cases, expenditures could be impacted as discussed above.

Information Source(s): Department of General Services, Board of Public Works, Executive Department, Department of Budget and Fiscal Planning, Department of Health and Mental Hygiene, University of Maryland, Department of Fiscal Services

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