

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE
Revised

House Bill 353 (Delegate Poole, et al.)

Commerce & Government Matters

Referred to Economic & Environmental Affairs

State Procurement Law - Construction Contracts - Contract Claims Process

This amended bill provides that a construction contractor must submit written notice of a contract claim within 30 days after the basis for a claim is known or should have been known. The contractor then has 30 more days to submit the actual claim, unless the agency agrees to an extended deadline. Expenses incurred more than 30 days before the date the contractor is required to submit notice of a contract claim are not recoverable. Within 90 days (accelerated procedure) or 180 days after receiving a protest or a contract claim the procurement officer must give the claimant written notice of the final action taken (the procurement officer may take longer if both parties agree). If the unit reviewing the claim determines that it is responsible for a portion of the claim, the unit must approve payment of that portion of the claim that is not in dispute.

The Contract Appeals Board may order an agency to pay a construction contractor the reasonable cost of filing and pursuing a claim if the board finds that the person responsible for processing or rendering a decision on a contract claim acted in bad faith or without substantial justification.

Fiscal Summary

State Effect: Potential indeterminate increase in expenditures. Revenues would not be affected.

Local Effect: None.

Fiscal Analysis

State Effect: State expenditures could increase due to the recovery of cost provisions included in the bill. The State Board of Contract Appeals reports that based on prior experience, a “bad faith” judgement would not be applied in most cases; it is not known how many cases would meet the “without substantial justification” standard. To the extent that either standard would apply, State expenditures would increase due to the payment of relevant legal and other claim-related costs incurred by the contractor.

Information Source(s): Department of General Services, State Board of Contract Appeals, Department of Fiscal Services

Fiscal Note History:	First Reader - February 14, 1996
ncs	Revised - House Third Reader - April 1, 1996

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