

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE
Revised

Senate Bill 444 (Senator Hafer)
Economic & Environmental Affairs Referred to Commerce & Government Matters

Garrett County - Procurement - Reciprocal Local Preference

This enrolled bill authorizes the Garrett County Commissioners to establish a reciprocal local preference program applicable to competitively bid contracts. Under such a preference program, if the State or political subdivision in which a nonresident firm is located gives an advantage to its resident businesses, the county may give an identical advantage to the lowest bid from a local firm over that of the nonresident firm. An advantage may include a percentage preference, an employee residency requirement, or other provision that favors a local firm over a nonresident firm.

The bill takes effect July 1, 1997.

Fiscal Summary

State Effect: None.

Local Effect: Indeterminate effect on local tax revenues. Potential minimal indeterminate increase in Garrett County expenditures as discussed below.

Small Business Effect: Potential meaningful effect on small businesses in Garrett County as discussed below.

Fiscal Analysis

Local Revenues: This bill authorizes, but does not require, the Garrett County Commissioners to establish a local preference program applicable to competitively bid contracts. A reciprocal preference for local businesses, if established, could increase local tax revenues in Garrett County by increasing employment. However, there could be an offsetting tax loss for those Maryland counties from which contractors would have otherwise

come.

Local Expenditures: If a local preference program is established, this bill could result in Garrett County contracts that are more expensive than they otherwise would be. In addition, administrative costs could increase since the eligibility of contractors would have to be verified.

Small Business Effect: The reciprocal local preference program authorized by this bill, if exercised, could result in a Garrett County small business receiving a contract or a subcontract that they would not receive under the current procurement practices. However, there could be an offsetting negative effect on small businesses located in other Maryland counties that would otherwise have received the contract.

Information Source(s): Garrett County, Department of Fiscal Services

Fiscal Note History: First Reader - February 10, 1997
mld Revised - Enrolled Bill - April 22, 1997

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