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By: **Delegate Boston (Baltimore City Administration)**

Introduced and read first time: February 13, 1998

Assigned to: Commerce and Government Matters

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 27, 1998

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CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Procurement - Security for Construction Contracts**

3 FOR the purpose of altering the threshold dollar amount in a requirement that  
4 contractors provide payment security and performance security under certain  
5 construction contracts awarded by certain public bodies; altering the threshold  
6 dollar amount in a provision authorizing Baltimore City to adopt a program to  
7 satisfy certain bonding requirements; requiring that the program provide for a  
8 certain minimum level of payment security; and generally relating to required  
9 security for construction contracts under the Procurement Law.

10 BY repealing and reenacting, with amendments,  
11 Article - State Finance and Procurement  
12 Section 17-102 and 17-103  
13 Annotated Code of Maryland  
14 (1995 Replacement Volume and 1997 Supplement)

15 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
16 MARYLAND, That the Laws of Maryland read as follows:

17 **Article - State Finance and Procurement**

18 17-102.

19 (a) This subtitle does not limit the authority of a public body to require  
20 performance security in addition to, or in cases other than, those specified under §§  
21 17-103, 17-104, 17-106, and 17-107 of this subtitle.

22 (b) This subtitle applies only to security for a construction contract.

1 (c) (1) By ordinance, Baltimore City may provide for a program to satisfy  
2 the bonding requirements under §§ 17-103, 17-104, 17-106, and 17-107 of this  
3 subtitle with respect to any construction contract:

4 ~~(+)~~ (I) that does not exceed [\$100,000] \$200,000; and

5 ~~(=)~~ (II) for which State money is not used.

6 (2) THE PROGRAM SHALL PROVIDE FOR PAYMENT SECURITY OF AT  
7 LEAST 50% OF THE TOTAL AMOUNT PAYABLE UNDER THE CONTRACT.

8 17-103.

9 (a) (1) Before a public body awards a construction contract exceeding  
10 [\$50,000] \$100,000, the contractor shall provide payment security and performance  
11 security that meet the requirements of § 17-104 of this subtitle.

12 (2) The security shall be:

13 (i) for performance security, in an amount that the public body  
14 considers adequate for its protection; and

15 (ii) for payment security, at least 50% of the total amount payable  
16 under the contract.

17 (b) A public body, other than the State or a unit of the State government, may  
18 require payment security or performance security for a construction contract if:

19 (1) the contract exceeds \$25,000 but does not exceed [\$50,000] \$100,000;  
20 and

21 (2) the amount of the security does not exceed 50% of the contract  
22 amount.

23 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
24 October 1, 1998.