

SENATE BILL 675

Unofficial Copy  
P2

1998 Regular Session  
8lr2368  
CF 8lr2369

---

By: **Senator McFadden (Baltimore City Administration)**

Introduced and read first time: February 11, 1998

Assigned to: Rules

---

A BILL ENTITLED

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; and generally relating to required  
8 security for construction contracts under the Procurement Law.

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

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

16 **Article - State Finance and Procurement**

17 17-102.

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

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

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

25 (1) that does not exceed [\$100,000] \$200,000; and

26 (2) for which State money is not used.

1 17-103.

2 (a) (1) Before a public body awards a construction contract exceeding  
3 [\$50,000] \$100,000, the contractor shall provide payment security and performance  
4 security that meet the requirements of § 17-104 of this subtitle.

5 (2) The security shall be:

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

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

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

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

14 (2) the amount of the security does not exceed 50% of the contract  
15 amount.

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