

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE
Revised

Senate Bill 357 (Senator Della)
Economic & Environmental Affairs

Procurement - Debarment

Under current law, a person may be debarred from entering into a contract with the State for any cause that the Board of Public Works (BPW) determines to be so serious as to affect the integrity of the procurement process. This bill specifies that such a cause includes a pattern of violations by the person of federal or State labor laws, civil rights laws, or environmental protection laws.

Fiscal Summary

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

Local Effect: Potential minimal increase in expenditures. Revenues would not be affected.

Small Business Effect: Potential meaningful.

Fiscal Analysis

State Expenditures: The bill's effect on competition for State contracts depends on the number of contractors debarred as a result of the bill. If a substantial number of firms are debarred, State expenditures could increase due to increased bid prices from reduced competition. However, because the bill does not actually expand the grounds for debarment by BPW, any increase is expected to be minimal.

As a point of reference only, it is noted that the State spent about \$2.85 billion on architectural and engineering services, construction and construction-related services, maintenance, services, supplies and equipment, and human, cultural, and educational services in fiscal 1996, the latest year for which such information is available. In addition, it is noted

that currently 53 firms are debarred from doing business with the State.

The Office of the Attorney General (OAG) investigates and recommends debarments to the BPW. OAG and BPW advise that review of any additional firms could be handled with existing budgeted resources.

Local Expenditures: To the extent that local jurisdictions follow State procurement guidelines, expenditures could be affected as discussed above.

Small Business Effect: Small businesses that are debarred from participating in State contracts as a result of the bill could be negatively affected. To the extent that any businesses are debarred as a result of the bill, other small businesses could benefit from the increased opportunity to participate in State contracts.

Information Source(s): Department of General Services, Board of Public Works, Office of the Attorney General, Judiciary (Administrative Office of the Courts), Department of Budget and Management, Department of Health and Mental Hygiene, University System of Maryland, Department of Transportation, Department of Legislative Services

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