

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE
Revised

House Bill 1191 (Delegate Wood)

Commerce & Government Matters

State Procurement Law - Application to Maryland Port Administration and
Modification of the Reciprocal Preference Program

This bill modifies the circumstances under which resident bidders may be given preference under competitive sealed bid procurements.

The bill also provides that the Maryland Port Administration (MPA) is exempt from State procurement laws for procurements pertaining to design, construction, or dredging related to a container facility of at least 100 acres at the Dundalk Marine Terminal (DMT). This exemption does not apply to specified provisions regarding minority business participation, contract administration and dispute resolution, security for construction contracts, and prevailing wage rates. The procurement exemption applies to contracts awarded from June 1, 1999 until May 31, 2001.

Fiscal Summary

State Effect: Indeterminate effect on State finances. Assuming a major cargo carrier relocates to Maryland, this bill could accelerate the positive impacts on the State economy and revenues.

Local Effect: Indeterminate effect on local revenues. To the extent the bill accelerates the positive impacts on the State economy and revenues, there would be a corresponding acceleration on local economies and revenues.

Small Business Effect: Potential minimal.

Fiscal Analysis

Background: The MPA is responsible for facilitating waterborne commerce through the Port of Baltimore. MPA provides marketing, operations support, and maintenance services to waterfront commerce and promotes the use of its facilities. MPA's primary focus is the operation of public facilities at the Port of Baltimore, but it also promotes the use of private facilities. The Dundalk Marine Terminal (DMT), a public facility, currently handles approximately 50% of the total cargo tonnage for the port.

Maersk/Sea-Land (MSL) is currently considering a long-term lease with a port on the Eastern Seaboard capable of handling large ships. The Elizabeth, New Jersey port that MSL has been using as a hub for the past 25 years is located on a channel that is not deep enough to accommodate the new larger ships in their fleet. The three ports under consideration by MSL as a hub are: Halifax, Nova Scotia, Canada; New York/New Jersey; and Baltimore.

If MSL selects the Port of Baltimore, capital improvements would have to be made at the DMT. The improvements, which are needed to accommodate the larger ships and increased container cargo volumes associated with MSL, would include a new cargo terminal at DMT, potential railway and road improvements, and dredging. It is estimated that the new (additional) MSL containers to be handled at the port would be three times the level currently handled. This increase in activity at the port would create additional jobs, and therefore income, in the State.

State Effect: The bill allows a procurement official to consider the procurement policies of a nonresident bidder's state in which the nonresident bidder's principle office is located or the state in which the nonresident bidder has its principle operation through which it would provide supplies or services, as a method of determining resident bidder preference. Because the bill does not significantly alter the terms of resident bidder preference, it is not expected to materially affect State finances.

If MSL selects the Port of Baltimore, the procurement exemption provisions of the bill could shorten the time involved for awarding contracts related to the design and construction of the new facility. The MPA advises that the procurement process could be reduced by as much as nine months (from 52 to 17 weeks). Because there are a number of different factors affecting the procurement process including the nature and size of the contract to be awarded, the actual impact of the exemption provisions on the procurement process cannot be reliably estimated at this time. If contracts are awarded faster as a result of this bill, and this results in the new facility being completed sooner, the additional jobs associated with MSL may be created sooner than they would have otherwise. This could result in an acceleration of the positive impacts on the State economy and revenues associated with the cargo carrier relocation.

Local Effect: To the extent there is an acceleration of the positive impact of the relocation on the State economy and revenues, there will be a corresponding acceleration of the impact on local economies and revenues.

Information Source(s): Department of Budget and Management, Department of General Services, Department of Health and Mental Hygiene, Department of Transportation, University System of Maryland, Department of Legislative Services

Fiscal Note History:

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