

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE

Senate Bill 457 (Senator Della)
Economic and 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 Effect: The bill's effect on competition for State contracts depends on the number of contractors debarred as a result of the bill. Because it is not expected that a substantial number of additional firms will be debarred as a result of this Act, any effect on State expenditures from increased bid prices from reduced competition should be minimal. Currently, 44 firms are debarred from doing business with the State.

The Office of the Attorney General (OAG) investigates and recommends debarments to the BPW. OAG advises that the review of additional firms for debarment would require additional operating and personnel expenses for a part-time attorney and a part-time legal

secretary to handle the increased work load. These costs are projected to be \$33,000 in fiscal 2000, increasing approximately 5% per year thereafter. Legislative Services disagrees with this assessment of increased costs because the bill does not significantly broaden the terms for debarment, and believes that the bill's requirements could be handled with existing resources.

Local Expenditures: To the extent the local jurisdictions follow State procurement guidelines, expenditures could increase to the extent that bid prices are increased due to reduced competition. However, any increase is expected to be minimal.

Small Business Effect: Small businesses that are debarred from participating in State contracts as a result of this bill could be negatively impacted. 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 Legislative Services, Department of Budget and Management, Board of Public Works, Department of General Services, Department of Transportation, Office of the Attorney General, Office of Administrative Hearings

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