

Department of Legislative Services
Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE

Senate Bill 684 (Senator Gladden)
Education, Health, and Environmental Affairs

Procurement - Youth Corps - Preferences

This bill provides a 5% price preference for supplies, services, and construction-related services from a youth corps. The bill defines a youth corps as a program operated by the State, a local government, or a nonprofit organization that engages primarily youth and young adults in full-time community service, training, and educational activities.

Fiscal Summary

State Effect: Potential significant increase in contract costs for supplies, services, and construction-related services.

Local Effect: None.

Small Business Effect: Potential significant.

Analysis

Bill Summary: The bill specifies that when a unit uses competitive sealed bidding or requests for proposals it must award the contract to a youth corps if the youth corps submits the lowest responsive bid or proposal among the youth corps submitting bids or proposals and the bid or proposal, after applying the 5% preference, does not exceed the lowest responsive bid or proposal. The Board of Public Works is required to adopt regulations to implement the provisions of this bill.

Current Law: Statute details the State's current preferences in procurements. The statute includes the current Minority Business Enterprise (MBE) program; reciprocal preferences for resident bidders; a preference that the Department of General Services

increase the purchase of recycled paper products; a 5% price preference for recycled materials including post-consumer material, industrial scrap, compost, obsolete inventories, and processed and pasteurized chicken litter; low-noise supplies; mercury free products and equipment; and Maryland coal.

Statute states that purchases by the State from another unit of State government, or from a local government, are exempt from procurement law.

State Expenditures: State expenditures for supplies and services could increase by up to 5% on each contract which has nonprofit created youth corps bidders who are not the lowest bidder. Price preferences would not have any effect on procurements from youth corps that are created by units of State government or local governments. The State would not be required to apply a price preference to procurement from those youth corps because the State is exempt from SFP Division II for those procurements.

Small Business Effect: To the extent that small businesses are supplanted in State contracts for supplies and services by youth corps, small businesses would be negatively affected.

Additional Comments: The Department of Legislative Services advises that a price preference for the lowest responsive proposal is not possible. Proposals submitted in response to a request for proposals in competitive sealed proposal procurements are evaluated on both technical merit and price, with the award made to the proposal deemed most advantageous to the State. Applying a price preference for request for proposals would remove any consideration of technical merit, the primary reason for selecting competitive sealed proposal as the procurement method.

Additional Information

Prior Introductions: None.

Cross File: HB 1475 (Delegate Marriott) – Rules and Executive Nominations.

Information Source(s): Department of General Services, Board of Public Works, University System of Maryland, Maryland Department of Transportation, Department of Budget and Management, Department of Legislative Services

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