

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE

House Bill 883

(Delegate Morhaim, *et al.*)

Health and Government Operations

Education, Health, and Environmental Affairs

Procurement - Percentage Price Preference - Locally Grown Foods

This bill requires the Board of Public Works (BPW) to adopt regulations that require State schools and facilities to give preference to local food growers in their procurement of food products.

Fiscal Summary

State Effect: State general and special fund expenditures for food products for State facilities could increase by the amount of the percentage price preference established by the Department of General Services (DGS) and procurement units in other agencies, up to the maximum allowable amount of 5%.

Local Effect: None.

Small Business Effect: Small Maryland-based food growers and suppliers could win more contracts to provide food to State agencies.

Analysis

Bill Summary: Locally grown food is defined as food that is grown in Maryland.

BPW regulations would require State schools and facilities to establish a percentage price preference not exceeding 5% for the purchase of locally grown food. This would allow procurement bids from local food growers to exceed the lowest bid from other food growers by up to 5% and still be considered for the contract award. State schools and facilities are encouraged to apply the price preference to all food procurements unless

doing so could cause them to lose federal funds or would be inconsistent with federal law.

Current Law: All school districts, the University System of Maryland, St. Mary's College, and Morgan State University are exempt from most State procurement laws and regulations.

State Expenditures: With State higher education institutions and school districts exempt from State procurement law, the bill applies only to State facilities that are not higher education institutions, most notably State-owned hospitals, prisons, and office buildings. DGS conducts all purchasing of food and food service contracts for the institutions, but is unable to provide an estimate of current State expenditures on food-related purchases. It does not expect State expenditures for fresh produce to increase because Maryland's fresh produce industry is not large enough to supply large institutions. However, prices for locally-grown poultry could increase. Under the bill's provisions, however, general fund expenditures could increase by up to 5%, depending on the percentage price preference established by DGS and the extent to which local growers bid on food purchase and food service contracts.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Independent College and University Association, Board of Public Works, Maryland State Department of Education, St. Mary's College, Morgan State University, University System of Maryland, Maryland Higher Education Commission, Department of Legislative Services

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