

Department of Legislative Services
Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE
Revised

House Bill 484

(Delegates Morhaim and Wood)

Health and Government Operations

Education, Health, and Environmental Affairs

Procurement - Unsolicited Proposals - Extension of Termination Date

This bill extends for five years the termination of a State law that allows State procurement units to consider and approve unsolicited proposals and makes changes to the circumstances under which unsolicited proposals are authorized. Chapter 482 of 2002 was scheduled to sunset on September 30, 2008.

Fiscal Summary

State Effect: None. Agencies required to conduct and report on educational outreach efforts about the availability of unsolicited procurements could carry out those responsibilities with existing procurement staff. The Board of Public Works can develop regulations with existing resources.

Local Effect: None.

Small Business Effect: Potential meaningful. Small businesses with innovative ideas in the designated service areas would be eligible for higher amounts and longer terms for contracts based on unsolicited proposals.

Analysis

Bill Summary: The bill adds “lottery services” to the list of services that can be procured on the basis of unsolicited proposals and defines them as any service procured by the State Lottery Agency. It also raises the term and annual expenditure limits for contracts stemming from unsolicited proposals and establishes a new limit of \$4.0 million

on total contract expenditures. The limit on contract terms increases from two to three years, and the limit on annual contract expenditures increases from \$1.0 to \$2.0 million.

The bill requires all contracts stemming from unsolicited proposals to be approved by the Department of Budget and Management (DBM) and deletes references to an obsolete interagency panel.

The bill also adds the State Lottery Agency to the list of agencies required to conduct educational outreach efforts regarding the availability of unsolicited proposals, and requires all of the agencies conducting outreach to submit annual reports to the Board of Public Works regarding the status of those efforts. Finally, the bill repeals an annual reporting requirement for DBM regarding the prevalence of unsolicited proposals.

Current Law: State procurement officers may enter into contracts for educational services, health or social services, or business and economic development services based on unsolicited proposals. Unsolicited proposals must meet a need or be advantageous to the unit, be received in writing, contain novel or innovative approaches, and not have been previously submitted by another person.

Unsolicited proposals must be submitted for review and approval by an interagency panel consisting of gubernatorial appointees representing seven specified State agencies. Contracts awarded in response to unsolicited proposals may not exceed \$1.0 million annually and may not be for more than two years.

At least 30 days before awarding contracts based on unsolicited proposals, the procurement unit must publicize its intent to award the contract in newspapers and other venues specified in statute. It must also publicize award of the contract in eMaryland Marketplace within 30 days of contract award.

The following agencies must conduct educational outreach campaigns to publicize the availability of unsolicited procurements:

- Department of Health and Mental Hygiene;
- Department of Human Resources;
- Department of Labor, Licensing, and Regulation;
- Department of Juvenile Services;
- Department of Disabilities;
- Department of Aging; and
- Department of Business and Economic Development.

Background: The Department of Budget and Management estimates that about 10 unsolicited proposals have been received since 2002 and none have been accepted.

In fiscal 2007, the State Lottery Agency spent \$37.1 million on contractual services, or 72% of its total budget.

Additional Information

Prior Introductions: None.

Cross File: None.

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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