

**Department of Legislative Services**  
Maryland General Assembly  
2008 Session

**FISCAL AND POLICY NOTE**

Senate Bill 186 (Chair, Education, Health, and Environmental Affairs Committee)  
(By Request – Departmental – General Services)  
Education, Health, and Environmental Affairs Health and Government Operations

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**Department of General Services - Small Procurement Process**

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This departmental bill includes construction procurements by the Department of General Services with a value of \$50,000 or less within the definition of small procurements.

The bill takes effect July 1, 2008.

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**Fiscal Summary**

**State Effect:** Minimal. DGS could experience increased efficiency in procuring construction contracts valued at \$50,000 or less.

**Local Effect:** None.

**Small Business Effect:** DGS has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

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**Analysis**

**Current Law:** DGS is the procurement control agency for most State construction contracts.

Small procurements are defined as those in which a unit of State government spends not more than \$25,000 or a contractor provides services that generate expected annual revenues of not more than \$25,000 for the contractor. State regulations define three categories of small procurements:

- \$2,500 or less (Category I);
- more than \$2,500 but not more than \$10,000 (Category II); and
- more than \$10,000 but not more than \$25,000 (Category III).

Small procurements by units of State government are not subject to the approval of procurement control agencies or the Board of Public Works. They may use more efficient procurement processes, such as oral contracts (Category I only) and expedited bid periods. Agencies must abide by the intent of the State procurement law and regulations in conducting small procurements.

**Background:** The federal government's threshold for small procurement is \$100,000.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of General Services, Department of Legislative Services

**Fiscal Note History:** First Reader - February 6, 2008  
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