

Department of Legislative Services
Maryland General Assembly
2015 Session

FISCAL AND POLICY NOTE

House Joint Resolution 6 (Delegate Parrott, *et al.*)
Rules and Executive Nominations

Buy Maryland

This resolution urges State agencies to procure goods and services from businesses located in the State, particularly goods manufactured within the State.

Fiscal Summary

State Effect: Passage of this resolution has no effect on State procurement costs or governmental finances.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law/Background: Preference for State contracts can be given to resident bidders or offerors only if a nonresident bidder or offeror with the lowest responsive bid or most advantageous proposal is from a state that gives preference to its resident bidders or offerors. The State does not systematically track the residency of State contractors. However, the Department of General Services advised in 2013 that 9,211 of the 25,516 (36.1%) businesses registered with eMaryland Marketplace to bid on State contracts were not located in the State.

For procurements that use competitive sealed proposals and are valued at more than \$25,000, procurement officers may include an economic benefits factor in evaluating proposals that are submitted. The economic benefits factor may include an assessment of the economic benefits to the State, the offeror's intended procurements from Maryland

subcontractors and suppliers, the number of jobs generated for Maryland residents, and other similar factors. For procurements that use a point system to evaluate proposals, up to 10% of total points awarded may be for the economic benefits factor.

According to the National Association of State Procurement Officials, 25 states provide a legal preference for in-state bidders or products, including 17 in which the preference is mandatory. Thirty-five states have reciprocal preference laws similar to Maryland's, including all states in the mid-Atlantic region, except Delaware. Passage of this resolution is not expected to trigger reciprocal preference laws in other states.

Given the regional nature of the Maryland economy, nonresident firms often work on Maryland projects, and Maryland firms often work on projects in neighboring states. For instance, a 2011 analysis of the Dulles Metro Rail project in Virginia conducted by the Metropolitan Washington Airports Authority found that one-half of the workers on the project were Maryland residents, outnumbering Virginia residents on the project.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): National Association of State Procurement Officers, Department of General Services, *The Washington Post*, Department of Legislative Services

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