

SENATE BILL 1160

P2

8lr3559

By: **Senator Muse**

Introduced and read first time: February 19, 2018

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Procurement – Subcontractors – Bond Amount**

3 FOR the purpose of prohibiting a prime contractor from requiring from a subcontractor on
4 certain procurement contracts a bid, performance, or payment bonding that is in an
5 amount that exceeds the total amount of the subcontract; and generally relating to
6 bid, performance, or payment bonds required of subcontractors on procurement
7 contracts.

8 BY repealing and reenacting, with amendments,
9 Article – State Finance and Procurement
10 Section 13–227
11 Annotated Code of Maryland
12 (2015 Replacement Volume and 2017 Supplement)

13 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
14 That the Laws of Maryland read as follows:

15 **Article – State Finance and Procurement**

16 13–227.

17 (a) If a prime contractor requires a subcontractor to provide a bid, performance,
18 or payment bond on a procurement contract for services, supplies, or construction related
19 services with the State, the prime contractor may not require bid, performance, or payment
20 bonding from the subcontractor that is:

21 **(1)** more stringent than the bonding requirements in §§ 13–207 and
22 13–216 of this subtitle and § 17–104 of this article; **OR**

23 **(2)** IN AN AMOUNT THAT EXCEEDS THE TOTAL AMOUNT OF THE

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **SUBCONTRACT.**

2 (b) A bid, performance, or payment bond that is provided by a subcontractor
3 under subsection (a) of this section shall be accepted by the prime contractor if the bond
4 would be accepted by the State and provided by:

5 (1) a surety company authorized to do business in the State; or

6 (2) the Maryland Small Business Development Financing Authority
7 established in Title 5, Subtitle 5 of the Economic Development Article.

8 (c) In a solicitation or pre-bid conference for a procurement contract for services,
9 supplies, or construction related services with the State, the procurement agency shall
10 provide notice to all bidders that bid security shall be:

11 (1) a bond provided by a surety company authorized to do business in this
12 State;

13 (2) a bond provided by an individual surety that meets the requirements of
14 §§ 13-207 and 13-216 of this subtitle and § 17-104 of this article;

15 (3) cash; or

16 (4) another form of security:

17 (i) authorized by federal or State regulation; or

18 (ii) that is satisfactory to the unit awarding the contract.

19 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
20 October 1, 2018.