

Department of Legislative Services  
Maryland General Assembly  
2018 Session

FISCAL AND POLICY NOTE  
Third Reader - Revised

Senate Bill 492

(Senator Zucker, *et al.*)

Education, Health, and Environmental Affairs

Health and Government Operations

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**Procurement - Board of Public Works - Workforce Health Care Study**

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This bill requires the Board of Public Works (BPW) to collect specified information on the provision of employee health care coverage by construction contractors on State projects. By November 1, 2018, BPW must submit a report on the information it has collected to specified committees of the General Assembly. **The bill takes effect July 1, 2018.**

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**Fiscal Summary**

**State Effect:** BPW can carry out the bill's requirements with existing budgeted resources. No effect on revenues.

**Local Effect:** None.

**Small Business Effect:** Minimal.

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**Analysis**

**Bill Summary:** BPW must collect the following information for all construction-related contracts awarded by competitive sealed bids in the three months following the enactment of the bill:

- whether the bidder and any subcontractor provide employee health care coverage on projects that require payment of prevailing wages;
- for the year preceding the bid, what the percentage of total Social Security wages was as well as the total amount spent on employee health care;
- the percentage of total health insurance coverage costs paid by an insurance company compared with the percentage paid by an employee;

- the type and scope of coverage as well as the average percentage of monthly premiums paid by the bidder or subcontractor; and
- the average percentage of monthly premium paid by the bidder's or subcontractor's employees and the average deductible in each health care plan offered.

BPW must direct any relevant agency to include the information that BPW needs to collect in any solicitation for construction-related competitive sealed bids.

**Current Law:** Competitive sealed bidding is one of several procurement methods authorized by statute. It is most often used for the procurement of commodities and construction. Historically, it has been the most common procurement method used by the State, in large measure because of a statutory preference for its use. However, that preference was repealed by Chapters 588 and 589 of 2017. Nevertheless, competitive sealed bidding is likely to remain a commonly used procurement method.

Under competitive sealed bidding, a contract is awarded to the responsible bidder who submits the responsive bid that (1) is the lowest bid price; (2) if the invitation for bids so provides, the lowest evaluated bid price; or (3) if the procurement generates revenue for the State, the bid that is most favorable to the State. A "responsible bidder" is defined as a person who has the capability in all respects to perform fully the requirements of the contract, and who possesses the integrity and reliability that will ensure good faith performance. A responsive bid is one that conforms in all material respects to the invitation for bids.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** HB 776 (Delegate Rosenberg, *et al.*) - Health and Government Operations.

**Information Source(s):** Board of Public Works; Department of Legislative Services

**Fiscal Note History:** First Reader - February 11, 2018  
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