

# HOUSE BILL 583

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CF SB 782

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By: ~~Delegate Cullison~~ **Delegates Cullison, Bagnall, Barron, Belcastro, Bhandari, Carr, Charles, Hill, Johnson, Kelly, Kerr, Kipke, R. Lewis, Pena-Melnyk, Pendergrass, Rosenberg, Sample-Hughes, and K. Young**

Introduced and read first time: January 27, 2020  
Assigned to: Health and Government Operations

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Committee Report: Favorable with amendments  
House action: Adopted  
Read second time: March 11, 2020

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **State Procurement – Payment of Employee Health Care Expenses – Revisions**

3 FOR the purpose of ~~requiring the Maryland Stadium Authority and the University System~~  
4 ~~of Maryland, by regulation, to establish certain procedures for each bidder,~~  
5 ~~contractor, or subcontractor that performs work on certain construction projects to~~  
6 ~~certify that the bidder, contractor, or subcontractor pays certain employee health~~  
7 ~~care expenses;~~ authorizing a certain bidder, contractor, or subcontractor to  
8 demonstrate the payment of certain employee health care expenses in a certain  
9 manner on or before a certain date; ~~requiring the Maryland Stadium Authority and~~  
10 ~~the University System of Maryland to collaborate with the Maryland Department of~~  
11 ~~Labor to develop a certain form; altering the application of certain provisions of law~~  
12 ~~related to the payment of employee health care expenses by bidders, contractors, and~~  
13 ~~subcontractors;~~ altering the definition of “subcontractor” for the purposes of certain  
14 provisions of law related to the payment of employee health care expenses by bidders,  
15 contractors, and subcontractors to include a person added to a contract with the State  
16 after a contract is awarded for a certain purpose and to limit the application to  
17 subcontractors providing construction services; ~~repealing an obsolete provision of~~  
18 ~~law; making conforming changes;~~ and generally relating to procurement and the  
19 payment of employee health care expenses.

20 BY repealing and reenacting, without amendments,  
21 Article – State Finance and Procurement  
22 Section 17–801(a) and (d)

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### EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 Annotated Code of Maryland  
2 (2015 Replacement Volume and 2019 Supplement)

3 BY repealing and reenacting, with amendments,  
4 Article – State Finance and Procurement  
5 Section 17–801(g), ~~17–802, and 17–803~~ and 17–803(b)(2)  
6 Annotated Code of Maryland  
7 (2015 Replacement Volume and 2019 Supplement)

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

10 **Article – State Finance and Procurement**

11 17–801.

12 (a) In this subtitle the following words have the meanings indicated.

13 (d) “Employee” means an individual who is employed by a responsible bidder,  
14 contractor, or subcontractor to work on or at the site of a State–funded construction project.

15 (g) “Subcontractor” means a person:

16 (1) listed on a responsive bid to provide ~~goods or~~ CONSTRUCTION services  
17 under a portion of a contract with the State; OR

18 (2) **ADDED TO A CONTRACT WITH THE STATE AFTER THE CONTRACT**  
19 **IS AWARDED IN ORDER TO PROVIDE ~~GOODS OR~~ CONSTRUCTION SERVICES UNDER A**  
20 **PORTION OF THE CONTRACT.**

21 ~~17–802.~~

22 ~~(a) Subject to subsection (b) of this section, the Board shall adopt regulations that~~  
23 ~~require all bidders, contractors, and subcontractors to pay employee health care expenses~~  
24 ~~as required by this subtitle.~~

25 ~~(b) This subtitle does not apply to:~~

26 ~~(1) [a minority business enterprise, as defined under Title 14, Subtitle 3 of~~  
27 ~~this article; or~~

28 ~~(2)] a small business [with 30];~~

29 ~~(1) EMPLOYING 50 or fewer [employees] INDIVIDUALS IN ITS~~  
30 ~~MOST RECENTLY COMPLETED 3 FISCAL YEARS; AND~~

~~(H) THE GROSS SALES OF WHICH DID NOT EXCEED AN AVERAGE OF \$ 7,000,000 IN ITS MOST RECENTLY COMPLETED 3 FISCAL YEARS; OR~~

~~(2) AN EMPLOYEE EMPLOYED TO WORK ON OR AT THE SITE OF A STATE FUNDED CONSTRUCTION PROJECT THAT IS VALUED AT LESS THAN \$500,000.~~

~~(C) IF A BUSINESS HAS NOT EXISTED FOR AT LEAST 3 FISCAL YEARS, THE EMPLOYMENT AND GROSS SALES DETERMINED FOR THE PURPOSES OF SUBSECTION (B)(1) OF THIS SECTION SHALL BE BASED ON EACH FISCAL YEAR OR PART OF A FISCAL YEAR IN WHICH THE BUSINESS HAS BEEN IN EXISTENCE.~~

17-803.

~~(a) By regulation, the Department of General Services [and], the Department of Transportation, THE MARYLAND STADIUM AUTHORITY, AND THE UNIVERSITY SYSTEM OF MARYLAND shall establish procedures for each bidder, contractor, or subcontractor that performs work on a State funded construction project to certify that the bidder, contractor, or subcontractor pays employee health care expenses in accordance with subsection (b) of this section.~~

~~(b) (1) Except as provided in paragraph (2) of this subsection, a bidder, contractor, or subcontractor shall demonstrate the payment of employee health care expenses by submitting certification or a valid contract to the Department of General Services [or], the Department of Transportation, THE MARYLAND STADIUM AUTHORITY, OR THE UNIVERSITY SYSTEM OF MARYLAND evidencing that, with respect to the employees who will work on or at the site of the project:~~

~~(i) the bidder, contractor, or subcontractor pays aggregate employee health care expenses of at least 5% of the aggregate Social Security wages paid by the bidder, contractor, or subcontractor; or~~

~~(ii) the bidder, contractor, or subcontractor pays 50% or more of the required premium necessary to obtain coverage by a credible health care insurance plan.~~

~~(b) (2) Before July 1, [2020] 2021, a bidder, contractor, or subcontractor may demonstrate payment of employee health care expenses by submitting certification or a valid contract to the [Department of General Services or the Department of Transportation] MARYLAND STADIUM AUTHORITY OR THE UNIVERSITY SYSTEM OF MARYLAND evidencing, with respect to the employees who will work on or at the site of the project, that:~~

~~(i) under a contract with a credible health care insurance plan or through a collective bargaining agreement, the bidder, contractor, or subcontractor pays some portion of employee health care expenses; and~~

1 (ii) the bidder, contractor, or subcontractor will meet the  
2 requirements of paragraph (1) of this subsection on renewal of the contract or collective  
3 bargaining agreement.

4 ~~(e) The Department of General Services [and], the Department of~~  
5 ~~Transportation, THE MARYLAND STADIUM AUTHORITY, AND THE UNIVERSITY~~  
6 ~~SYSTEM OF MARYLAND shall collaborate with the Maryland Department of Labor to~~  
7 ~~develop the form required for certification under subsection (b) of this section.~~

8 ~~(d) A procurement officer may require a responsible bidder or subcontractor to~~  
9 ~~submit records to the procurement officer that are sufficient to support the certification~~  
10 ~~that the bidder or subcontractor submitted in accordance with subsection (b) of this section.~~

11 ~~(e) If a responsible bidder that is awarded a contract to work on a State-funded~~  
12 ~~construction project fails to submit records required under this section within a reasonable~~  
13 ~~period of time, the procurement officer may void the contract.~~

14 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
15 1, 2020.

Approved:

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Governor.

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Speaker of the House of Delegates.

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President of the Senate.