HOUSE BILL 485

By: Delegate Solomon
Introduced and read first time: January 15, 2021
Assigned to: Environment and Transportation and Appropriations

Committee Report: Favorable with amendments
House action: Adopted
Read second time: March 9, 2021

CHAPTER ______

1 AN ACT concerning

2 Public–Private Partnerships – Process and Oversight and the Collection of
     Video Tolls

3 FOR the purpose of establishing the Public–Private Partnership Oversight Review Board;
4 providing for the composition, chair, and staffing of the Board; requiring the Board
5 to study and make recommendations regarding certain matters; authorizing the
6 Board to request technical assistance from certain persons, when appropriate;
7 requiring a reporting agency to submit certain presolicitation reports to the Board;
8 requiring a reporting agency to submit a separate presolicitation report for each
9 phase of a project that will develop in phases; providing that the total value of a
10 public–private partnership developed in phases is equal to the sum of the total value
11 of each phase of the project; requiring a certain reporting agency to include in
12 presolicitation reports for certain public–private partnerships presolicitation reports
13 of certain contracts and a certain environmental impact statement under certain
14 circumstances; requiring the Board, within a certain number of days after receiving
15 a presolicitation report, to report and make certain recommendations to the Board
16 of Public Works and certain budget committees; requiring that before the Board of
17 Public Works may make a certain designation certain budget committees have a
18 certain number of days to review and comment on a certain report; requiring certain
19 proposed public–private partnership agreements to be submitted to the Legislative
20 Policy Committee and the Public–Private Partnership Oversight Review Board;
21 prohibiting the Board of Public Works from approving a proposed agreement until
22 the Legislative Policy Committee has reviewed and commented on the public–private
23 partnership if a certain review and comment period is during a certain time and until
24 certain independent assessments of the impact on the State’s credit rating and

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.
certain risk analyses are completed under certain circumstances; requiring a certain risk analysis to include certain information; requiring the proposed agreement to include certain financial information; requiring a reporting agency to notify the Legislative Policy Committee on receiving a certain unsolicited proposal; requiring a reporting agency to consult with the Public–Private Partnership Oversight Review Board in reviewing a certain unsolicited proposal; requiring, under certain circumstances, the terms of a public–private partnership to contain certain provisions; extending a certain prohibition on noncompete clauses in certain public–private partnership agreements to all transit or road maintenance projects regardless of funding source; requiring the Public–Private Partnership Oversight Review Board to conduct a certain study and report its findings and recommendations to the General Assembly on or before a certain date; prohibiting the State or a reporting agency from transferring certain ownership, operation, or management of a certain existing transportation facilities project to a certain entity or issuing a certain notice of solicitation under certain circumstances; providing for the intent of the General Assembly with regard to the reimbursement of certain costs and expenses; extending the termination date for certain provisions of law relating to the collection of certain unpaid video tolls and associated penalties; requiring the Department of Transportation to conduct a certain traffic analysis before submitting a certain public–private partnership agreement to the Board of Public Works; altering a certain definition; defining certain terms; making this Act an emergency measure; providing for the termination of certain provisions of this Act; making conforming changes; and generally relating to public–private partnerships and the collection of certain video tolls and associated penalties.


BY repealing and reenacting, with amendments, Article – State Finance and Procurement Section 10A–101(b), 10A–201(a), 10A–203(a), 10A–301, and 10A–401(a) and (c) Annotated Code of Maryland (2015 Replacement Volume and 2020 Supplement)


BY repealing and reenacting, without amendments, Article – Transportation Section 21–1414(a)(1), (2), and (11) and (h) Annotated Code of Maryland
BY repealing and reenacting, with amendments, Chapter 547 of the Acts of the General Assembly of 2018
Section 3

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

Article – State Finance and Procurement


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

(b) “Budget committees” means the Senate Budget and Taxation Committee, the House [Committee on Ways and Means] ENVIRONMENT AND TRANSPORTATION COMMITTEE, and the House Appropriations Committee.

(i) “TRANSPORTATION FACILITIES PROJECT” HAS THE MEANING STATED IN § 4–101 OF THE TRANSPORTATION ARTICLE.

10A–106.

(A) THERE IS A PUBLIC–PRIVATE PARTNERSHIP OVERSIGHT REVIEW BOARD.

(B) THE BOARD CONSISTS OF THE FOLLOWING MEMBERS:

(1) TWO MEMBERS OF THE SENATE OF MARYLAND, APPOINTED BY THE PRESIDENT OF THE SENATE;

(2) TWO MEMBERS OF THE HOUSE OF DELEGATES, APPOINTED BY THE SPEAKER OF THE HOUSE; AND

(3) THREE MEMBERS, APPOINTED BY THE GOVERNOR, WHO SHALL HAVE EXPERIENCE IN THE FIELDS OF TRANSPORTATION LAW, PUBLIC POLICY, FINANCE, OR MANAGEMENT CONSULTING.

(C) THE PRESIDENT OF THE SENATE AND THE SPEAKER OF THE HOUSE SHALL JOINTLY DESIGNATE THE CHAIR OF THE BOARD.

(D) THE BALTIMORE METROPOLITAN COUNCIL, THE METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS, OR AN APPROPRIATE METROPOLITAN PLANNING ORGANIZATION, AND THE DEPARTMENT OF LEGISLATIVE SERVICES
(E) The Board shall:

(1) Review public–private partnership presolicitation reports;

(2) Make recommendations regarding the designation of a public infrastructure asset as a public–private partnership;

(3) Consult with a reporting agency in reviewing any unsolicited proposals for a public–private partnership;

(4) Review best practices regarding public–private partnerships from other states and internationally; and

(5) Monitor the implementation and operation of existing public–private partnerships.

(F) The Board may request technical assistance from the State Treasurer, Comptroller, or appropriate administrative agency, when appropriate.

10A–201.

(a) (1) (i) Except as provided in subparagraph (ii) of this paragraph and subject to subparagraph (III) of this paragraph and paragraph (3) of this subsection, a reporting agency may not issue a public notice of solicitation for a public–private partnership until a presolicitation report concerning the proposed public–private partnership is submitted to the Comptroller, the State Treasurer, the budget committees, and the Department of Legislative Services, in accordance with §2–1257 of the State Government Article.

(ii) 1. A reporting agency may not issue a public notice of solicitation for a public–private partnership for a transportation facilities project[, as defined in §4–101(h) of the Transportation Article,] until a presolicitation report concerning the proposed public–private partnership is submitted to the budget committees and the Department of Legislative Services, in accordance with §2–1257 of the State Government Article.

2. For a transportation facilities project with a total value that exceeds $500,000,000, the reporting agency shall submit, in accordance with §2–1257 of the State Government Article, the presolicitation report to the public–private partnership oversight review board.
(III) 1. IF A REPORTING AGENCY HAS DETERMINED THAT A PROJECT THAT IS SUBJECT TO A PUBLIC–PRIVATE PARTNERSHIP WILL BE DEVELOPED IN SEPARATE PHASES, THE REPORTING AGENCY SHALL SUBMIT A SEPARATE PRESOLICITATION REPORT IN ACCORDANCE WITH THIS SECTION FOR EACH PHASE OF THE PROJECT.


(2) (i) [The] EXCEPT AS PROVIDED IN PARAGRAPH (4) OF THIS SUBSECTION, THE budget committees may not have more than 45 days to review and comment on the presolicitation report submitted in accordance with paragraph (1) of this subsection.

(ii) 1. If the total value of a proposed public–private partnership reported in the presolicitation report under paragraph (b)(1) of this subsection exceeds $500,000,000, the budget committees may request an additional 15 days to review and comment on the presolicitation report.

2. The request for additional time under this subparagraph shall:

A. be made in writing to the Governor, the Department of Budget and Management, and the reporting agency; and

B. include the reason for the request and any preliminary issues the budget committees have.

(3) FOR A PUBLIC–PRIVATE PARTNERSHIP WITH A TOTAL VALUE THAT EXCEEDS $500,000,000, THE REPORTING AGENCY SHALL INCLUDE IN THE PRESOLICITATION REPORT REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION:

(I) A PRESOLICITATION REPORT OF EACH CONTRACT UNDER THE PUBLIC–PRIVATE PARTNERSHIP; AND

(II) IF A PROJECT REQUIRES AN ENVIRONMENTAL IMPACT STATEMENT UNDER THE NATIONAL ENVIRONMENTAL POLICY ACT, A FINAL ENVIRONMENTAL IMPACT STATEMENT THAT COMPLIES WITH THE NATIONAL ENVIRONMENTAL POLICY ACT.
(4) (I) Within 60 days after receiving a presolicitation report under paragraph (1) of this subsection, the Public–Private Partnership Oversight Review Board shall report and make recommendations on the presolicitation report to the Board of Public Works and, in accordance with § 2–1257 of the State Government Article, the budget committees of the General Assembly.

(II) The budget committees, in consultation with the appropriate policy committees, shall have 60 days to review and comment on the report and recommendations of the Public–Private Partnership Oversight Review Board before the Board of Public Works may designate the public infrastructure asset as a public–private partnership under subsection (C) of this section.

10A–203.

(a) (1) Except as provided in paragraph (2) of this subsection, the Board of Public Works may not approve a public–private partnership agreement until:

(i) a copy of the proposed agreement is submitted simultaneously to:

1. the Comptroller, the State Treasurer, the budget committees, and the Department of Legislative Services, in accordance with § 2–1257 of the State Government Article; AND

2. FOR A PUBLIC–PRIVATE PARTNERSHIP WITH A TOTAL VALUE THAT EXCEEDS $500,000,000, THE LEGISLATIVE POLICY COMMITTEE, IN ACCORDANCE WITH § 2–1257 OF THE STATE GOVERNMENT ARTICLE, AND THE PUBLIC–PRIVATE PARTNERSHIP OVERSIGHT REVIEW BOARD;

(ii) the State Treasurer, in coordination with the Comptroller, analyzes the impact on the State’s capital debt affordability limits of the proposed public–private partnership agreement;

(iii) the State Treasurer submits the analysis to the budget committees and the Department of Legislative Services, in accordance with § 2–1257 of the State Government Article; [and]

(iv) the budget committees have reviewed and commented on the agreement in accordance with paragraph (3) of this subsection; AND

(V) FOR A PUBLIC–PRIVATE PARTNERSHIP WITH A TOTAL VALUE THAT EXCEEDS $500,000,000:
1. IF THE REVIEW AND COMMENT PERIOD FOR THE BUDGET COMMITTEES IS DURING A PERIOD WHEN THE GENERAL ASSEMBLY IS NOT IN SESSION, THE LEGISLATIVE POLICY COMMITTEE HAS REVIEWED AND COMMENTED ON THE PUBLIC–PRIVATE PARTNERSHIP;

2. INDEPENDENT ASSESSMENTS OF THE IMPACT ON THE STATE'S CREDIT RATING ARE COMPLETED FOR EACH CONTRACT UNDER THE PUBLIC–PRIVATE PARTNERSHIP BY ALL CREDIT RATING AGENCIES THAT RATE THE STATE'S GENERAL OBLIGATION BONDS A FINANCIAL ADVISOR CHOSEN BY THE STATE TREASURER; AND

3. IN ACCORDANCE WITH PARAGRAPH (4) OF THIS SUBSECTION, A RISK ANALYSIS IS COMPLETED FOR EACH CONTRACT UNDER THE PUBLIC–PRIVATE PARTNERSHIP BY A FINANCIAL ADVISORY FIRM FINANCIAL ADVISOR CHOSEN BY THE STATE TREASURER.

(2) The Board of Public Works may not approve a public–private partnership agreement for a transportation facilities project[, as defined in § 4–101(h) of the Transportation Article,] until the proposed agreement is submitted to the budget committees and the Department of Legislative Services, in accordance with § 2–1257 of the State Government Article.

(3) (i) The period for review, analysis, and comment under paragraphs (1) and (2) of this subsection may not exceed a total of 30 days from the date the proposed public–private partnership agreement is submitted simultaneously to the State Treasurer, the Comptroller, the budget committees, and the Department of Legislative Services.

(ii) The budget committees may facilitate a faster review and comment period by sending a letter to the Board of Public Works supporting a proposed public–private partnership agreement in advance of the expiration of the 30–day review period.

(4) THE RISK ANALYSIS REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL INCLUDE:

(I) AN ASSESSMENT OF THE RISKS TO THE STATE POSED BY THE PROPOSED AGREEMENT, INCLUDING ECONOMIC, LEGAL, AND TECHNOLOGICAL RISKS; AND

(II) AN EVALUATION OF THE SECURITY PACKAGE PROVIDED BY THE PRIVATE ENTITY AND PRIVATE FUNDING SOURCE, INCLUDING ANY PAYMENT AND PERFORMANCE BONDS, LETTERS OF CREDIT, PARENT COMPANY GUARANTEES, AND LENDER OR EQUITY PARTNER GUARANTEES.

(C) THE PROPOSED PUBLIC–PRIVATE PARTNERSHIP AGREEMENT SHALL
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Include financial information regarding each contractor and any subcontractor that will provide products or services under the public–private partnership agreement.

10A–301.

(a) A reporting agency may accept, reject, or evaluate an unsolicited proposal for a public–private partnership that will assist the reporting agency in implementing its functions in a manner consistent with State policy.

(b) A reporting agency shall notify the Legislative Policy Committee on receiving an unsolicited proposal.

(c) (1) A reporting agency shall establish the process for determining whether an unsolicited proposal meets a need of the reporting agency or is otherwise advantageous to the reporting agency.

(2) Notwithstanding paragraph (1) of this subsection, a reporting agency shall consult with the Public–Private Partnership Oversight Review Board in reviewing an unsolicited proposal.

[(c) (D) (1) A reporting agency may establish by regulation an application fee for submitting an unsolicited proposal.]

(2) For an unsolicited proposal that does not address a project already in the State’s Capital Improvement Program or Consolidated Transportation Program planning documents, a reporting agency may require a higher application fee.

[(d) (E) If a reporting agency determines that an unsolicited proposal meets a need of the reporting agency or is otherwise advantageous to the reporting agency, the reporting agency shall:

(1) conduct a competitive solicitation process as described under Subtitle 2 of this title;

(2) protect proprietary information included in the unsolicited proposal to the same extent proprietary information is protected under § 10A–203(b) of this title; and

(3) comply with all of the other procedural requirements set forth in this title.]

[(e) (F) An individual or firm that has submitted an unsolicited proposal under this title may participate in any subsequent competitive solicitation process.]

10A–401.
Whenever applicable, a public–private partnership agreement shall include the following provisions:

1. The method and terms for approval of any assignment, reassignment, or other transfer of interest related to the public–private partnership agreement;

2. The methods and terms for setting and adjusting tolls, fares, fees, and other charges related to the public infrastructure asset;

3. The method and terms for revenue-sharing or other sharing in fees or charges, in which the public participates in the financial upside of asset performance of the public infrastructure asset;

4. Minimum quality standards, performance criteria, incentives, and disincentives;

5. Operations and maintenance standards;

6. The rights for inspection by the State;

7. The terms and conditions under which the reporting agency may provide services for a fee sufficient to cover both direct and indirect costs;

8. Provisions for oversight and remedies and penalties for default;

9. The terms and conditions under which the reporting agency originating the public–private partnership shall be responsible for ongoing oversight;

10. The terms and conditions for audits by the State, including the Office of Legislative Audits, related to the agreement’s financial records and performance;

11. The terms and conditions under which the public infrastructure assets shall be returned to the State at the expiration or termination of the agreement; and

12. Requirements for the private entity to provide performance security and payment security in a form and in an amount determined by the responsible public entity, except that:

   1. Requirements for the payment security for construction contracts shall be in accordance with Title 17, Subtitle 1 of this article; and

   2. Requirements for the amount of the payment security and any performance security in the form of a performance bond for a construction contract shall be based on the value of the respective construction elements of the public–private partnership agreement and not on the total value of the public–private partnership agreement.
(2) If the public–private partnership agreement requires the State or a successor entity to take over operations and maintenance of a project, the terms for approval of any assignment, reassignment, or other transfer of interests in the project shall include a requirement that all toll revenue or other charges related to the project be assigned to the State or a successor entity to apply to the operations and maintenance of the project.

(3) The terms of the public–private partnership agreement providing for revenue–sharing or other sharing in fees or charges in which the public participates in the financial upside of asset performance of the public infrastructure asset shall require the reimbursement of the State for advanced project expenses.

c) A public–private partnership agreement for a project involving road, highway, or bridge assets may not include a noncompete clause that would inhibit the planning, construction, or implementation of [State–funded] transit or road maintenance projects.

SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article – State Finance and Procurement

3–302.

(b) Unless, with the approval of the Secretary, a unit of the State government assigns the claim to the Central Collection Unit, the Central Collection Unit is not responsible for and may not collect:

1. any taxes;
2. any child support payment that is owed under § 5–308 of the Human Services Article;
3. any unemployment insurance contribution or overpayment;
4. any fine;
5. any court costs;
6. any forfeiture on bond;
7. any money that is owed as a result of a default on a loan that the
Department of Commerce or the Department of Housing and Community Development has made or insured:

(8) any money that is owed under Title 9, Subtitles 2, 3, and 4 and Title 20 of the Insurance Article:

(9) any money that is owed under a delinquent account for unpaid video tolls and associated civil penalties and is recalled by the Maryland Transportation Authority under § 21–1414(h) of the Transportation Article; or

(10) any money that is owed for unpaid video tolls and associated civil penalties under § 21–1414 of the Transportation Article under a delinquent account associated with a person residing outside the State.

Article – Transportation

21–1414.

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

(2) “Authority” means the Maryland Transportation Authority.

(11) “Video toll” means the amount assessed by the Authority when a video toll transaction occurs.

(h) (1) The Authority may refer a delinquent account for unpaid video tolls and associated civil penalties to the Central Collection Unit for collection.

(2) The Authority may recall a delinquent account from the Central Collection Unit if:

(i) The delinquent account exceeds $300 in unpaid video tolls and associated civil penalties;

(ii) The video tolls in question were assessed within a 30–day period; and

(iii) Mitigating factors exist with respect to the assessment of the unpaid video tolls and associated civil penalties, as determined by the Authority.

(3) Notwithstanding any other provision of law, until the Authority refers the debt to the Central Collection Unit or after the Authority has recalled a delinquent account from the Central Collection Unit, the Authority may waive any portion of the video toll due or civil penalty assessed under this section.

Chapter 547 of the Acts of 2018
SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 2018. It shall remain effective for a period of [3] 6 years and, at the end of May 31, 2024, this Act, with no further action required by the General Assembly, shall be abrogated and of no further force and effect.

SECTION 2. AND BE IT FURTHER ENACTED, That the Public–Private Partnership Oversight Review Board, as established in Section 1 of this Act, shall:

(1) study issues related to the transfer by sale, lease, or other agreement of the full or partial ownership, operation, or management of an existing transportation facilities project to a private entity and using the proceeds to pay for building or maintaining other infrastructure, including:

(i) advantages;

(ii) costs; and

(iii) other transition issues; and

(2) on or before January 15, 2022, report its findings and recommendations to the General Assembly, in accordance with § 2–1257 of the State Government Article.

SECTION 3. AND BE IT FURTHER ENACTED, That:

(a) (1) In this section the following words have the meanings indicated.

(2) “Other agreement” includes a public–private partnership as defined in § 10A–101 of the State Finance and Procurement Article.

(3) “Private entity” has the meaning stated in § 10A–101 of the State Finance and Procurement Article.

(4) “Public–private partnership” has the meaning stated in § 10A–101 of the State Finance and Procurement Article.

(5) “Reporting agency” has the meaning stated in § 10A–101 of the State Finance and Procurement Article.

(6) (i) “Transportation facilities project” has the meaning indicated in § 4–101 of the Transportation Article.

(ii) “Transportation facilities project” includes the Thomas J. Hatem Bridge.

(iii) “Transportation facilities project” does not include the I–495 and I–270 P3 Program.
(b) Notwithstanding any other provision of law, the State or a reporting agency may not:

(1) transfer by sale, lease, or other agreement the full or partial ownership, operation, or management of an existing transportation facilities project to a private entity; or

(2) issue a public notice of solicitation for a public–private partnership for an existing transportation facilities project.

SECTION 4. AND BE IT FURTHER ENACTED, That it is the intent of the General Assembly that a metropolitan planning organization that provides staff for the Public–Private Partnership Oversight Review Board shall be reimbursed for the costs and expenses incurred for services rendered under this Act.

SECTION 3. AND BE IT FURTHER ENACTED, That before submitting to the Board of Public Works a public–private partnership agreement for the I–495 and I–270 Public–Private Partnership Program, the Department of Transportation shall complete and submit to the Board of Public Works a traffic analysis on the impact of the COVID–19 pandemic and resulting increases in telework throughout the region on the traffic patterns and volume on I–495 and I–270 in Maryland.

SECTION 5. AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 2021. Section 3 of this Act shall remain effective for a period of 9 months and, at the end of February 28, 2022, Section 3 of this Act, with no further action required by the General Assembly, shall be abrogated and of no further force and effect.

SECTION 4. AND BE IT FURTHER ENACTED, That this Act is an emergency measure, is necessary for the immediate preservation of the public health or safety, has been passed by a yea and nay vote supported by three-fifths of all the members elected to each of the two Houses of the General Assembly, and shall take effect from the date it is enacted.

Approved:

__________________________________________________________
Governor.

__________________________________________________________
Speaker of the House of Delegates.

__________________________________________________________
President of the Senate.