

**Department of Legislative Services**  
Maryland General Assembly  
2023 Session

**FISCAL AND POLICY NOTE**  
**Third Reader**

House Bill 1111  
Economic Matters

(Delegates Phillips and Ebersole)

Finance

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**Baltimore County - Insurance - Certificates of Guarantee for County Bond Requirements**

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This bill authorizes, but does not require, Baltimore County to honor certificates of guarantee issued by a nonprofit association of contractors, or its wholly owned subsidiary in order to satisfy certain county bond requirements.

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**Fiscal Summary**

**State Effect:** None. The Maryland Insurance Administration can enforce the bill's requirements using existing budgeted resources.

**Local Effect:** The bill authorizes, but does not require, Baltimore County to honor certificates of guarantee issued by a nonprofit association of contractors. Any impact on Baltimore County finances is expected to be minimal.

**Small Business Effect:** Potential minimal.

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**Analysis**

**Current Law:** A “certificate of guarantee” means an instrument that is issued on behalf of a contractor for the purpose of satisfying county bond requirements for public improvements or other county bond requirements. A “contractor” means a person that, for a fixed price, commission, fee, or percentage, undertakes to bid on or accepts or offers to accept orders or contracts to perform or supervise the construction, improvement, or maintenance of a building, structure, or road.

Other counties that are authorized but are not required to honor certificates of guarantee include Calvert, Charles, Howard, Montgomery, Prince George's, St. Mary's, and Washington.

**Local Fiscal Effect:** Baltimore County does not anticipate the bill to materially affect local finances or operations, since the bill authorizes, but does not require, Baltimore County to honor certificates of guarantee issued by a nonprofit association of contractors.

Baltimore County further advises that the county still retains its ability to protect itself on specified projects where it favors performance bonds.

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### **Additional Information**

**Prior Introductions:** Similar legislation has not been introduced within the last three years.

**Cross File:** None.

**Information Source(s):** Baltimore County; Maryland Insurance Administration; Department of Legislative Services

**Fiscal Note History:** First Reader - February 22, 2023  
km/hlb Third Reader - March 14, 2023

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