

HOUSE BILL 304

P2

5lr1614

By: ~~Delegate Kerr~~ Delegates Kerr, Alston, Bagnall, Bhandari, Chisholm, Cullison, Guzzone, Hill, Hutchinson, S. Johnson, Kaiser, Kipke, Lopez, Martinez, M. Morgan, Pena-Melnyk, Reilly, Rosenberg, Ross, Szeliga, Taveras, Woods, and Woorman

Introduced and read first time: January 9, 2025

Assigned to: Health and Government Operations

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 3, 2025

CHAPTER _____

1 AN ACT concerning

2 **State Procurement – Transparency and Procedures**

3 FOR the purpose of requiring a unit of State government to provide a certain debriefing of
4 a contract award to certain persons on request; adding an exemption to the
5 prohibition on an individual who assists in the drafting of specifications, an
6 invitation for bids, or a request for proposals from submitting a bid or proposal or
7 assisting in the submission of a bid or proposal; requiring a procurement contract to
8 include a certain clause pertaining to ~~change orders~~ certain contract modifications
9 related to changes in law; altering the required contents of a certain change order;
10 ~~altering the time within which a procurement officer shall make a decision after~~
11 ~~receiving a certain protest; specifying that certain decisions or failure to reach a~~
12 ~~decision may be considered a denial of a certain protest~~ altering certain procedures,
13 time periods, and appeals related to certain protests; altering the time within which
14 a written notice of a claim relating to a certain procurement contract shall be made;
15 applying certain provisions related to a contract claim that applied to construction
16 contracts to certain other procurement contracts; requiring a contractor, on request
17 of a procurement officer, to provide certain information prior to receiving payment
18 on a claim; ~~authorizing the Maryland State Board of Contract Appeals to award a~~
19 ~~contractor certain costs of defending certain claims; specifying that an appeal from~~
20 ~~a final decision of the Appeals Board may be appealed to the Appellate Court of~~
21 ~~Maryland;~~ altering the procedures for reviewing and making a certain determination

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 related to a certain contract claim; and generally relating to State procurement
2 procedures.

3 BY adding to

4 Article – State Finance and Procurement

5 Section 13–104(h)

6 Annotated Code of Maryland

7 (2021 Replacement Volume and 2024 Supplement)

8 BY repealing and reenacting, with amendments,

9 Article – State Finance and Procurement

10 Section ~~11–101, 13–201,~~ 13–212.1(b), 13–218(a), 15–112(b)(1), 15–218, ~~15–219(a)~~
11 ~~through (e) and (h), 15–221.2, and 15–223(a)~~ and 15–219

12 Annotated Code of Maryland

13 (2021 Replacement Volume and 2024 Supplement)

14 ~~BY adding to~~

15 ~~Article – State Finance and Procurement~~

16 ~~Section 13–104(h) and 15–219(h)~~

17 ~~Annotated Code of Maryland~~

18 ~~(2021 Replacement Volume and 2024 Supplement)~~

19 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

20 That the Laws of Maryland read as follows:

21 **Article – State Finance and Procurement**

22 ~~11–101.~~

23 (a) ~~In this Division II the following words have the meanings indicated unless:~~

24 (1) ~~the context clearly requires a different meaning; or~~

25 (2) ~~a different definition is provided for a particular title or provision.~~

26 (b) (1) ~~“Architectural services” means professional or creative work that:~~

27 (i) ~~is performed in connection with the design and supervision of~~
28 ~~construction or landscaping; and~~

29 (ii) ~~requires architectural education, training, and experience.~~

30 (2) ~~“Architectural services” includes consultation, research, investigation,~~
31 ~~evaluation, planning, architectural design and preparation of related documents, and~~
32 ~~coordination of services that structural, civil, mechanical, and electrical engineers and~~
33 ~~other consultants provide.~~

1 ~~(3) "Architectural services" does not include construction inspection~~
2 ~~services, services provided in connection with an energy performance contract, or~~
3 ~~structural, mechanical, plumbing, or electrical engineering.~~

4 ~~(e) "Bid" means a response to an invitation for bids under § 13-103 of this article.~~

5 ~~(d) "Board" means the Board of Public Works.~~

6 ~~(c) "CHANGE ORDER" MEANS A WRITTEN ORDER THAT:~~

7 ~~(1) IS SIGNED BY THE PROCUREMENT OFFICER; AND~~

8 ~~(2) DIRECTS THE CONTRACTOR TO MAKE CHANGES THAT ARE~~
9 ~~REQUIRED BY A CHANGE IN LAW OR THAT THE PROCUREMENT CONTRACT~~
10 ~~AUTHORIZES THE PROCUREMENT OFFICER TO ORDER WITHOUT THE CONSENT OF~~
11 ~~THE CONTRACTOR.~~

12 ~~(F) "Chief Procurement Officer" means an official of the Department of General~~
13 ~~Services who:~~

14 ~~(1) shall be appointed by the Governor with the advice and consent of the~~
15 ~~Senate;~~

16 ~~(2) except for procurement activity by a primary procurement unit other~~
17 ~~than the Department of General Services, is the head of all procurement activity for the~~
18 ~~Executive Branch of State government; and~~

19 ~~(3) may engage in or control procurement for the Department of General~~
20 ~~Services in accordance with § 12-107(b)(2) of this article.~~

21 ~~[(f)] (G) (1) "Construction" means the process of building, altering,~~
22 ~~improving, or demolishing an improvement to real property.~~

23 ~~(2) "Construction" includes any major work necessary to repair, prevent~~
24 ~~damage to, or sustain existing components of an improvement to real property.~~

25 ~~(3) "Construction" does not include the maintenance or routine operation~~
26 ~~of an existing improvement to real property, or activities related to an energy performance~~
27 ~~contract.~~

28 ~~[(g)] (H) (1) "Construction related services" means feasibility studies,~~
29 ~~surveys, construction management, construction inspection, and similar efforts associated~~
30 ~~with construction or the acquisition of public improvements as defined in § 4-401(d) of this~~
31 ~~article.~~

1 ~~(2) “Construction related services” does not include services provided in~~
2 ~~connection with an energy performance contract.~~

3 ~~(I) “CONTRACT MODIFICATION” MEANS A WRITTEN ALTERATION THAT:~~

4 ~~(1) AFFECTS SPECIFICATIONS, DELIVERY POINT, DATE OF DELIVERY,~~
5 ~~PERIOD OF PERFORMANCE, PRICE, QUANTITY, OR OTHER PROVISIONS OF A~~
6 ~~PROCUREMENT CONTRACT, INCLUDING MODIFICATIONS REQUIRED DUE TO~~
7 ~~CHANGES IN LAW OR REGULATION THAT INCREASE THE CONTRACTOR’S COST OF OR~~
8 ~~TIME FOR PERFORMANCE OF THE CONTRACT; AND~~

9 ~~(2) IS ACCOMPLISHED BY MUTUAL ACTION OF THE PARTIES TO THE~~
10 ~~PROCUREMENT CONTRACT.~~

11 ~~[(h)] (J) “County” means a county of the State and, unless expressly provided~~
12 ~~otherwise, Baltimore City.~~

13 ~~[(i)] (K) “Energy performance contract” means an agreement for the provision~~
14 ~~of energy services, including electricity, heating, ventilation, cooling, steam, or hot water,~~
15 ~~in which a person agrees to design, install, finance, maintain, or manage energy systems~~
16 ~~or equipment to improve the energy efficiency of a building or facility in exchange for a~~
17 ~~portion of the energy savings.~~

18 ~~[(j)] (L) (1) “Engineering services” means professional or creative work that:~~

19 ~~(i) is performed in connection with any utility, structure, building,~~
20 ~~machine, equipment, or process, including structural, mechanical, plumbing, electrical,~~
21 ~~geotechnical, and environmental engineering; and~~

22 ~~(ii) requires engineering education, training, and experience in the~~
23 ~~application of special knowledge of the mathematical, physical, and engineering sciences.~~

24 ~~(2) “Engineering services” includes consultation, investigation, evaluation,~~
25 ~~planning, design, and inspection of construction to interpret and ensure compliance with~~
26 ~~specifications and design within the scope of inspection services.~~

27 ~~(3) “Engineering services” does not include services provided in connection~~
28 ~~with an energy performance contract.~~

29 ~~[(k)] (M) “Invitation for bids” means any document used for soliciting bids under~~
30 ~~§ 13-103 of this article.~~

31 ~~[(l)] (N) “Person” means an individual, receiver, trustee, guardian, personal~~
32 ~~representative, fiduciary, or representative of any kind and any partnership, firm,~~
33 ~~association, corporation, or other entity.~~

1 ~~[(m)] (O)~~ ~~“Primary procurement units” means:~~

- 2 ~~(1) the State Treasurer;~~
 3 ~~(2) the Department of General Services;~~
 4 ~~(3) the Department of Transportation;~~
 5 ~~(4) the University System of Maryland;~~
 6 ~~(5) the Maryland Port Commission;~~
 7 ~~(6) the Morgan State University; and~~
 8 ~~(7) the St. Mary’s College of Maryland.~~

9 ~~[(n)] (P)~~ ~~(1) “Procurement” means the process of:~~

- 10 ~~(i) leasing real or personal property as lessee; or~~
 11 ~~(ii) buying or otherwise obtaining supplies, services, construction,~~
 12 ~~construction related services, architectural services, engineering services, or services~~
 13 ~~provided under an energy performance contract.~~
- 14 ~~(2) “Procurement” includes the solicitation and award of procurement~~
 15 ~~contracts and all phases of procurement contract administration.~~

16 ~~[(o)] (Q)~~ ~~(1) “Procurement contract” means an agreement in any form entered~~
 17 ~~into by a unit for procurement.~~

18 ~~(2) “Procurement contract” does not include:~~

- 19 ~~(i) a collective bargaining agreement with an employee~~
 20 ~~organization;~~
- 21 ~~(ii) an agreement with a contractual employee, as defined in §~~
 22 ~~1-101(d) of the State Personnel and Pensions Article;~~
- 23 ~~(iii) a Medicaid, Judicare, or similar reimbursement contract for~~
 24 ~~which law sets:~~
- 25 ~~1. user or recipient eligibility; and~~
- 26 ~~2. price payable by the State; or~~

1 ~~(iv) a Medicaid contract with a managed care organization, as~~
 2 ~~defined in § 15-101(c) of the Health General Article as to which regulations adopted by~~
 3 ~~the Department establish:~~

4 ~~1. recipient eligibility;~~

5 ~~2. minimum qualifications for managed care organizations;~~

6 ~~and~~

7 ~~3. criteria for enrolling recipients in managed care~~
 8 ~~organizations.~~

9 ~~[(p)] (R) "Procurement officer" means an individual authorized by a unit to:~~

10 ~~(1) enter into a procurement contract;~~

11 ~~(2) administer a procurement contract; or~~

12 ~~(3) make determinations and findings with respect to a procurement~~
 13 ~~contract.~~

14 ~~[(q)] (S) "Proposal" means a response to any solicitation other than an invitation~~
 15 ~~for bids.~~

16 ~~[(r)] (T) "Request for proposals" means any document used for soliciting~~
 17 ~~proposals.~~

18 ~~[(s)] (U) "Responsible bidder or offeror" means a person who:~~

19 ~~(1) has the capability in all respects to perform fully the requirements for~~
 20 ~~a procurement contract; and~~

21 ~~(2) possesses the integrity and reliability that will ensure good faith~~
 22 ~~performance.~~

23 ~~[(t)] (V) "Responsive bid" means a bid that:~~

24 ~~(1) is submitted under § 13-103 of this article; and~~

25 ~~(2) conforms in all material respects to the invitation for bids.~~

26 ~~[(u)] (W) (1) Except as provided in paragraph (3) of this subsection, "services"~~
 27 ~~means:~~

28 ~~(i) the labor, time, or effort of a contractor; and~~

1 ~~(ii) any product or report necessarily associated with the rendering~~
2 ~~of a service.~~

3 ~~(2) "Services" includes services provided by attorneys, accountants,~~
4 ~~physicians, consultants, and other professionals who are independent contractors.~~

5 ~~(3) "Services" does not include:~~

6 ~~(i) construction related services;~~

7 ~~(ii) architectural services;~~

8 ~~(iii) engineering services; or~~

9 ~~(iv) energy performance contract services.~~

10 ~~[(v)] (X) "State" means:~~

11 ~~(1) a state, possession, territory, or commonwealth of the United States; or~~

12 ~~(2) the District of Columbia.~~

13 ~~[(w)] (Y) (1) "State correctional facilities" means correctional institutions,~~
14 ~~and all places of correctional confinement, that are located within the State of Maryland~~
15 ~~and are primarily operated by the Maryland State government.~~

16 ~~(2) "State correctional facilities" includes Patuxent Institution.~~

17 ~~[(x)] (Z) (1) "Supplies" means:~~

18 ~~(i) insurance;~~

19 ~~(ii) tangible personal property;~~

20 ~~(iii) printing; and~~

21 ~~(iv) services necessarily associated with insurance or tangible~~
22 ~~personal property.~~

23 ~~(2) "Supplies" does not include:~~

24 ~~(i) an interest in real property; or~~

25 ~~(ii) tangible personal property acquired or used in connection with~~
26 ~~an energy performance contract.~~

~~1 **[(y)](AA)** (1) "Unit" means an officer or other entity that is in the Executive~~
~~2 ~~Branch of the State government and is authorized by law to enter into a procurement~~~~
~~3 ~~contract.~~~~

~~4 **(2)** "Unit" does not include:~~

~~5 (i) a bistate, multistate, bicounty, or multicounty governmental~~
~~6 ~~agency; or~~~~

~~7 (ii) a special tax district, sanitary district, drainage district, soil~~
~~8 ~~conservation district, water supply district, or other political subdivision of the State.~~~~

9 13-104.

~~10 **(H) (1) ON REQUEST OF AN UNSUCCESSFUL OFFEROR, THE**~~
~~11 ~~PROCUREMENT OFFICE OF A UNIT SHALL PROVIDE A DEBRIEFING OF A CONTRACT~~~~
~~12 ~~AWARD.~~~~

(H) (1) AN UNSUCCESSFUL OFFEROR MAY SUBMIT A REQUEST TO THE
PROCUREMENT OFFICER FOR A DEBRIEFING OF THE RECOMMENDED CONTRACT
AWARD.

(2) AFTER RECEIVING A REQUEST FOR A DEBRIEFING UNDER
PARAGRAPH (1) OF THIS SUBSECTION, THE PROCUREMENT OFFICER SHALL
PROVIDE THE DEBRIEFING:

(I) AS SOON AS IS FEASIBLE AFTER RECEIVING THE REQUEST;
AND

(II) BEFORE THE RECOMMENDED CONTRACT AWARD IS
PRESENTED FOR APPROVAL TO THE HEAD OF THE UNIT OR THE BOARD.

~~23 **(2) (3)** EXCEPT FOR INFORMATION ~~SUBJECT TO A~~~~
~~24 ~~CONFIDENTIALITY AGREEMENT~~ REASONABLY DETERMINED BY THE PROCUREMENT~~
~~25 ~~OFFICER TO BE CONFIDENTIAL, PROPRIETARY, OR PRIVILEGED,~~ A DEBRIEFING~~
~~26 ~~REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL INCLUDE ALL~~~~
~~27 ~~RELEVANT INFORMATION THAT HAS BEEN REQUESTED.~~~~

(4) THE OFFICE OF STATE PROCUREMENT SHALL ESTABLISH
GUIDELINES FOR DEBRIEFINGS OBTAINED FROM A PROPOSAL BY, OR DISCUSSIONS
WITH, A COMPETING OFFEROR THAT IS REASONABLY NECESSARY TO DETERMINE:

~~31 **(I) WHETHER ALL EVALUATION PROCEDURES REQUIRED BY**~~
~~32 ~~LAW HAVE BEEN PROPERLY INTERPRETED AND PERFORMED;~~~~

1 ~~(H) WHETHER THE PROCUREMENT ADVANCES THE PURPOSES~~
 2 ~~AND POLICIES ESTABLISHED UNDER § 11-201 OF THIS ARTICLE;~~

3 ~~(HH) WHETHER THE CONDUCT OF UNIT PERSONNEL WAS BIASED,~~
 4 ~~IN BAD FAITH, OR WITHOUT SUBSTANTIAL JUSTIFICATION; OR~~

5 ~~(IV) WHETHER THE UNIT FAILED TO PRODUCE ANY DOCUMENT~~
 6 ~~REQUIRED BY LAW OR REGULATION.~~

7 ~~(3) A PROCUREMENT OFFICER'S FAILURE TO COMPLY WITH THIS~~
 8 ~~SUBSECTION MAY BE REMEDIED BY ORDER OF THE MARYLAND STATE BOARD OF~~
 9 ~~CONTRACT APPEALS.~~

10 ~~13-201.~~

11 ~~[(a) In this subtitle the following words have the meanings indicated.~~

12 ~~(b) "Change order" means a written order that:~~

13 ~~(1) is signed by the procurement officer; and~~

14 ~~(2) directs the contractor to make changes that the procurement contract~~
 15 ~~authorizes the procurement officer to order without the consent of the contractor.~~

16 ~~(c) "Contract modification" means a written alteration that:~~

17 ~~(1) affects specifications, delivery point, date of delivery, period of~~
 18 ~~performance, price, quantity, or other provisions of a procurement contract; and~~

19 ~~(2) is accomplished by mutual action of the parties to the procurement~~
 20 ~~contract.~~

21 ~~(d) "Cost reimbursement" IN THIS SUBTITLE, "COST REIMBURSEMENT~~
 22 ~~contract" means a procurement contract under which the State reimburses a contractor for~~
 23 ~~fees and other costs that are:~~

24 ~~(1) recognized as allowable and allocable under the regulations of the~~
 25 ~~Board on price and cost principles; and~~

26 ~~(2) within a stated ceiling.~~

27 13-212.1.

28 (b) For purposes of subsection (a) of this section, assisting in the drafting of
 29 specifications, an invitation for bids, or a request for proposals for a procurement does not
 30 include:

1 (1) providing descriptive literature, such as catalogue sheets, brochures,
2 technical data sheets, or standard specification “samples”, whether requested by an
3 executive unit or provided unsolicited;

4 (2) submitting written or oral comments on a specification prepared by an
5 executive unit or on a solicitation for a bid or proposal when comments are solicited from
6 two or more persons as part of a request for information or a prebid or preproposal process;

7 (3) providing specifications for a sole source procurement made in
8 accordance with § 13–107 of this title;

9 (4) providing architectural and engineering services for:

10 (i) programming, master planning, or other project planning
11 services; or

12 (ii) the design of a construction project if:

13 1. the design services do not involve lead or prime design
14 responsibilities or construction phase responsibilities on behalf of the State; and

15 2. A. the anticipated value of the procurement contract at
16 the time of advertisement is at least \$2,500,000 and not more than \$100,000,000; or

17 B. regardless of the amount of the procurement contract, the
18 payment to the individual or person for the design services does not exceed \$500,000; [or]

19 (5) for a procurement of health, human, social, or educational services,
20 comments solicited from two or more persons as part of a request for information, including
21 written or oral comments on a draft specification, an invitation for bids, or a request for
22 proposals; **OR**

23 **(6) ~~RECEIVING~~ PROVIDING INFORMATION ~~FROM VENDORS~~ THAT**
24 **DOES NOT PROVIDE AN UNFAIR COMPETITIVE ADVANTAGE FOR ANY BIDDER OR**
25 **OFFEROR.**

26 13–218.

27 (a) Each procurement contract shall include clauses covering:

28 (1) termination for default;

29 (2) termination wholly or partly by the State for its convenience if the head
30 of the primary procurement unit determines that termination is appropriate;

1 (3) variations that occur between estimated and actual quantities of work
2 in a procurement contract;

3 (4) liquidated damages, as appropriate;

4 (5) specified excuses for nonperformance;

5 (6) except for real property leases, the unilateral right of the State to order
6 in writing:

7 (i) changes in the work, if the changes are within the scope of the
8 procurement contract; and

9 (ii) a temporary stop or delay in performance;

10 (7) the obligation of the contractor to comply with the political contribution
11 reporting requirements under Title 14 of the Election Law Article, to which the contractor
12 may be subject as required under § 17–402 of this article; [and]

13 (8) nonvisual access for information technology as required under §
14 3A–312 of this article; AND

15 **(9) A REQUIREMENT FOR A ~~CHANGE—ORDER~~ CONTRACT**
16 **MODIFICATION TO PROVIDE AN EQUITABLE ADJUSTMENT TO COMPENSATE THE**
17 **CONTRACTOR FOR INCREASES IN THE COST OF AND TIME FOR CONTRACT**
18 **PERFORMANCE DUE TO CHANGES IN LAW.**

19 15–112.

20 (b) (1) Except as provided in paragraphs (2) and (3) of this subsection, a unit
21 may not require a prime contractor and a prime contractor may not require a subcontractor
22 to begin change order work under a contract until the procurement officer for the unit issues
23 a written change order that specifies whether the work is to proceed, in compliance **WITH**
24 **ANY CHANGES IN LAW OR REGULATION OR** with the terms of the contract, on:

25 (i) an agreed-to price which may include a preestablished catalog
26 or unit prices based on local prevailing wage rates and equipment and material costs for
27 each task required for the change order as included in the bid documents at the time of bid;

28 (ii) a force account;

29 (iii) a construction change directive; or

30 (iv) a time and materials basis.

31 15–218.

1 (a) ~~Except as provided under § 15-219 of this subtitle, a~~ A procurement officer
2 who receives a TIMELY protest [or a contract claim from a contractor] shall comply with
3 this section.

4 (b) (1) On receipt of a TIMELY protest [or contract claim from a contractor], a
5 procurement officer:

6 (i) shall review the substance of the protest [or contract claim];

7 (ii) may request additional information or substantiation through an
8 appropriate procedure;

9 (iii) may discuss with interested parties and, if appropriate, may
10 conduct negotiations with the person initiating the protest [or contract claim]; and

11 (iv) shall comply with any applicable regulations.

12 (2) Unless clearly inappropriate, the procurement officer shall seek the
13 advice of the Office of the Attorney General ON ANY LEGAL ISSUES RAISED IN THE
14 PROTEST.

15 (c) (1) Subject to subsection (b) of this section and consistent with the State
16 budget and other applicable laws, the procurement officer shall:

17 (i) resolve the protest [or contract claim] by agreement of the
18 parties];

19 (ii) wholly or partly deny the protest [or contract claim]; or

20 (iii) wholly or partly grant the relief sought by the person who
21 submitted the protest [or contract claim].

22 (2) The procurement officer promptly shall send the decision in writing to
23 the reviewing authority.

24 (d) Unless otherwise provided by regulation, the decision of the procurement
25 officer shall be reviewed promptly by:

26 (1) the head of the unit OR DESIGNEE; and

27 (2) the head of the principal department or other equivalent unit of which
28 the unit is a part OR DESIGNEE.

29 (e) ~~(1) Except as provided under paragraph (3) of this subsection, the~~
30 ~~reviewing authority shall approve, disapprove, or modify the decision of the procurement~~

1 ~~officer [within 180 days after receiving the contract claim] WITHIN 45 DAYS AFTER~~
 2 ~~RECEIVING THE PROTEST or a longer period to which the parties agree.~~

3 ~~(2) The action of the reviewing authority under this subsection~~
 4 ~~**PROCUREMENT OFFICER** shall be the final action of the unit.~~

5 ~~(3) The reviewing authority may remand the proceeding with instructions~~
 6 ~~to the procurement officer.~~

7 ~~(4) On remand, the procurement officer shall proceed under subsection (b)~~
 8 ~~of this section in accordance with those instructions.~~

9 (f) (1) A decision [not to pay a contract claim] **TO DENY A PROTEST** is a final
 10 action for the purpose of appeal to the Appeals Board.

11 (2) The failure to ~~reach~~ **ISSUE** a decision ~~within the time required under~~
 12 ~~subsection (c) of this section~~ **ON THE PROTEST WITHIN 60 DAYS AFTER RECEIPT** may be
 13 deemed, at the **SOLE** option of the [contractor, to be a decision not to pay the contract claim]
 14 ~~**BIDDER OR OFFEROR**~~ **PROTESTOR, TO BE A DECISION TO DENY THE PROTEST.**

15 15-219.

16 (a) [Except to the extent a shorter period is prescribed by regulation governing
 17 differing site conditions, a] **A** contractor shall file a written notice of a claim relating to a
 18 procurement contract [for construction] within [30] ~~90~~ **60** days after [the basis for the
 19 claim is known or should have been known] ~~THE EARLIER~~ **LATER OF:**

20 **(1) A UNIT DENYING A REQUEST FOR EQUITABLE ADJUSTMENT; OR**

21 **(2) THE PARTIES REACHING AN IMPASSE IN DISCUSSIONS**
 22 **ATTEMPTING TO RESOLVE THEIR DISAGREEMENT REGARDING THE REQUEST.**

23 (b) Unless extended by the unit, within 90 days after submitting a notice of a
 24 contract claim under a procurement contract [for construction], a contractor shall submit
 25 to the unit a written explanation that states:

26 (1) the amount of the contract claim;

27 (2) the facts on which the contract claim is based; and

28 (3) all relevant data and correspondence that may substantiate the
 29 contract claim.

30 (c) **(1) ON RECEIPT OF A TIMELY CONTRACT CLAIM FROM A**
 31 **CONTRACTOR, A PROCUREMENT OFFICER:**

1 **(I) SHALL REVIEW THE SUBSTANCE OF THE CONTRACT CLAIM;**

2 **(II) MAY REQUEST ADDITIONAL INFORMATION OR**
3 **SUBSTANTIATION THROUGH AN APPROPRIATE PROCEDURE;**

4 **(III) MAY CONDUCT NEGOTIATIONS WITH THE CONTRACTOR**
5 **INITIATING THE CONTRACT CLAIM; AND**

6 **(IV) SHALL COMPLY WITH ANY APPLICABLE REGULATIONS.**

7 **(2) UNLESS CLEARLY INAPPROPRIATE, THE PROCUREMENT OFFICER**
8 **SHALL SEEK THE ADVICE OF THE OFFICE OF THE ATTORNEY GENERAL ON ANY**
9 **LEGAL ISSUES.**

10 **(D) SUBJECT TO SUBSECTION (C) OF THIS SECTION AND CONSISTENT WITH**
11 **THE STATE BUDGET AND OTHER APPLICABLE LAWS, THE PROCUREMENT OFFICER**
12 **SHALL:**

13 **(1) RESOLVE THE CONTRACT CLAIM BY AGREEMENT OF THE PARTIES;**

14 **(2) WHOLLY OR PARTLY DENY THE CONTRACT CLAIM; OR**

15 **(3) WHOLLY OR PARTLY GRANT THE RELIEF SOUGHT BY THE**
16 **CLAIMANT.**

17 **(E) (1) Subject to paragraph (2) of this subsection, the head of the unit OR**
18 **DESIGNEE engaged in procurement [of the construction] shall review the contract claim**
19 **AND THE DECISION OF THE PROCUREMENT OFFICER.**

20 **(2) If the unit is part of a principal department or other equivalent unit,**
21 **the Secretary of the principal department or the equivalent official OR DESIGNEE shall**
22 **review the contract claim AND THE DECISION OF THE PROCUREMENT OFFICER,** unless
23 review has been delegated by regulation to the head of the unit.

24 **(3) THE ACTION OF THE PROCUREMENT OFFICER UNDER THIS**
25 **SUBSECTION SHALL BE THE FINAL ACTION OF THE UNIT.**

26 **[(d) The person who reviews a contract claim under subsection (c) of this section**
27 **shall:**

28 **(1) investigate the contract claim; and**

29 **(2) give the contractor written notice of a resolution of the contract claim;**

1 (i) within 90 days after receiving the contract claim or a longer
2 period to which the parties agree, if the amount of the contract claim is not more than the
3 amount under which the accelerated procedure may be selected before the Appeals Board;
4 or

5 (ii) for any other contract claim, within 180 days after receiving the
6 contract claim or a longer period to which the parties agree.

7 (e) (F) Recovery under a contract claim is not allowed for any expense
8 incurred:

9 (1) more than [30] 60 days before the [required submission of a notice of a
10 claim] LAST DAY ON WHICH NOTICE OF A CLAIM IS PERMITTED TO BE FILED under
11 subsection (a) of this section; or

12 (2) unless the time for submission of a claim is extended under subsection
13 (b) of this section, more than [120] 150 days before the [required submission of the claim]
14 LAST DAY ON WHICH NOTICE OF A CLAIM IS PERMITTED TO BE FILED.

15 (f) (G) (1) If the unit determines that it is responsible for a portion but not
16 all of the amount claimed by the contractor, subject to the terms of the contract, the unit
17 shall pay the undisputed amount.

18 (2) Payment of the undisputed amount:

19 (i) is not an admission of the liability of the unit on the claims; and

20 (ii) does not preclude recovery of the amount paid if it subsequently
21 is determined that the determination of the unit was not correct.

22 (g) (H) (1) A decision not to pay a contract claim is a final action for the
23 purpose of appeal to the Appeals Board.

24 (2) The failure to reach a decision within the time required under
25 subsection (c) of this section may be deemed, at the option of the contractor, to be a decision
26 not to pay the contract claim.]

27 (H) (I) (1) ~~AT ANY TIME PRIOR TO RECEIVING PAYMENT ON A CLAIM,~~
28 ~~ON WRITTEN REQUEST BY THE PROCUREMENT OFFICER, THE CONTRACTOR SHALL~~
29 ~~PROVIDE THE UNIT WITH~~ **THIS SUBSECTION APPLIES TO ALL CONTRACT CLAIMS,**
30 **INCLUDING CLAIMS THAT ARE PENDING ADMINISTRATIVELY IN COURT ON JULY 1,**
31 **2025.**

32 (2) PRIOR TO AUTHORIZING PAYMENT ON A CLAIM, THE
33 PROCUREMENT OFFICER SHALL REQUIRE THE CONTRACTOR TO SUPPLEMENT THE
34 CLAIM WITH A CERTIFICATION BY A SENIOR OFFICER OR GENERAL PARTNER OF THE

1 CONTRACTOR OR THE SUBCONTRACTOR, AS APPLICABLE, THAT, TO THE BEST OF
2 THAT PERSON'S KNOWLEDGE AND BELIEF:

3 ~~(1)~~ (I) THE CLAIM IS MADE IN GOOD FAITH;

4 ~~(2)~~ (II) ALL SUPPORTING DATA IS ACCURATE AND COMPLETE; AND

5 ~~(3)~~ (III) THE AMOUNT REQUESTED ACCURATELY REFLECTS THE
6 CONTRACT CLAIM FOR WHICH THE PERSON BELIEVES THE PROCUREMENT AGENCY
7 IS LIABLE.

8 [(h)] ~~(H)~~ (J) At the time of final payment, the unit shall:

9 (1) release the retainage due to the contractor; and

10 (2) pay any interest that:

11 (i) has accrued on the retainage from the time of payment of the
12 semifinal estimate; and

13 (ii) is due and payable to the contractor.

14 ~~15-221.2.~~

15 (a) ~~This section applies to a claim resulting under a contract.~~

16 (b) ~~The Appeals Board may award to a contractor the reasonable costs of filing
17 and pursuing a claim OR DEFENDING AGAINST A CLAIM UNDER § 15-219.1 OF THIS
18 SUBTITLE, including reasonable attorney's fees, if the Appeals Board finds that the conduct
19 of the unit in processing a contract claim is in bad faith, without substantial justification,
20 or in violation of law.~~

21 (c) ~~The Appeals Board shall adopt regulations to implement this section.~~

22 ~~15-223.~~

23 (a) (1) ~~A decision of the Appeals Board is subject to judicial review in
24 accordance with Title 10, Subtitle 2 of the State Government Article.~~

25 (2) ~~Any party to an Appeals Board decision, including a unit, may appeal a
26 final decision of the Appeals Board to [a court of competent jurisdiction] THE APPELLATE
27 COURT OF MARYLAND.~~

28 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
29 ~~October~~ July 1, 2025.