

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 284

(Chair, Health and Government Operations
Committee)(By Request - Departmental - Transportation)

Health and Government Operations

Budget and Taxation

Procurement – Electronic Transactions – Clarification of Fees Due

This departmental bill clarifies that only fees collected for the use of electronic procurement systems that are *due to the State* must be deposited in the Operations Revenue Fund. **The bill takes effect June 1, 2025.**

Fiscal Summary

State Effect: None. The bill is clarifying in nature and does not directly affect governmental finances.

Local Effect: None.

Small Business Effect: The Maryland Department of Transportation (MDOT) has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment.

Analysis

Current Law: Primary procurement units in the State may conduct procurement activities electronically. Agencies using electronic means to conduct a procurement, or private contractors providing electronic means to the State to conduct a procurement, may charge a reasonable fee for these services to any bidder, proposer, or contract awardee, provided the fees receive approval from the Chief Procurement Officer and Board of Public Works (BPW).

Any fees that are collected for the use of electronic procurement systems must be deposited in the Operations Revenue Fund, a special fund used by the Department of General Services to cover direct and indirect operating expenses of the Office of State Procurement.

Background: For several years, MDOT has used BidX, a third-party electronic procurement system, to conduct its procurement operations. While the State has its own electronic procurement platform, eMaryland Marketplace (eMM), MDOT maintains that BidX provides many benefits for transportation-related procurements that eMM does not offer, including expanded file size limits, bond verification mechanisms, and integration with MDOT's other internal systems. While MDOT has discussed using eMM, the department concluded that doing so would require substantial software development at a significant expense of time and money. BidX is free to MDOT, but it charges potential bidders and offerors a monthly subscription fee for access to bidding opportunities in 39 states, including opportunities through MDOT.

MDOT advises that current law could be interpreted to require revenue for the monthly subscription fee paid by vendors for access to BidX to be deposited into the Operations Revenue Fund. While BPW has authorized the use of BidX up to this point, it informed MDOT that continued usage of the system may be prohibited if current law is not revised. Without access to BidX, MDOT advises that it would need to revert to processes that are not as advanced as the current electronic bidding process through BidX.

By specifying that only fees owed to the State must be deposited into the Operations Revenue Fund, rather than all fees collected for the use of electronic procurement services, the bill resolves any ambiguity regarding the collection of fees collected by and due to private businesses.

Additional Information

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

Designated Cross File: SB 196 (Chair, Budget and Taxation Committee)(By Request - Departmental - Transportation) - Budget and Taxation.

Information Source(s): Department of General Services; Board of Public Works; Maryland Department of Transportation; Department of Legislative Services

ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Procurement - Electronic Transactions - Clarification of Fees Due

BILL NUMBER: HB 284

PREPARED BY: Jada Wright

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

X WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND
SMALL BUSINESS
OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL
BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

N/A