

HOUSE BILL 300

P2

(PRE-FILED)

6lr0258
CF SB 77

By: **Chair, Government, Labor, and Elections Committee (By Request – Departmental – Commerce)**

Requested: October 1, 2025

Introduced and read first time: January 14, 2026

Assigned to: Government, Labor, and Elections

Committee Report: Favorable

House action: Adopted

Read second time: February 22, 2026

CHAPTER _____

1 AN ACT concerning

2 **State Contracts – Prohibited Provisions – Exemptions**

3 FOR the purpose of exempting certain contracts entered into by the Office of International
4 Trade from certain prohibitions on the provisions that may be included in State
5 contracts; and generally relating to State contracts.

6 BY repealing and reenacting, with amendments,
7 Article – State Finance and Procurement
8 Section 2–901
9 Annotated Code of Maryland
10 (2021 Replacement Volume and 2025 Supplement)

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

13 **Article – State Finance and Procurement**

14 2–901.

15 (a) In this section, “State contract” means any agreement entered into by the
16 State.

17 (a–1) This section does not apply to:

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 **(1)** a State contract relating to the purchase, redevelopment, or operation
2 of a racing facility or training facility site as those terms are defined under § 10–601 of the
3 Economic Development Article; **OR**

4 **(2) A STATE CONTRACT ENTERED INTO BY THE OFFICE OF**
5 **INTERNATIONAL TRADE IN THE DEPARTMENT OF COMMERCE RELATING TO THE**
6 **DEVELOPMENT OF INTERNATIONAL BUSINESS ACTIVITIES AND OPPORTUNITIES**
7 **AUTHORIZED UNDER § 3–303 OF THE ECONOMIC DEVELOPMENT ARTICLE.**

8 (b) Except as required by State or federal law, a State contract may not include:

9 (1) a provision that requires the State to indemnify, defend, or hold
10 harmless another person without an appropriation of State funds for that purpose;

11 (2) a provision by which the State agrees to binding arbitration or any
12 other binding extrajudicial dispute resolution process;

13 (3) a provision that names a jurisdiction or venue for any action or dispute
14 against the State other than a court of proper jurisdiction in the State;

15 (4) a provision that requires the State to agree to limit the liability for any
16 direct loss to the State for bodily injury, death, or damage to real property or tangible
17 personal property of the State caused by the negligence, intentional or willful misconduct,
18 fraudulent act, recklessness, or other tortious conduct of a person or a person's employees
19 or agents or a provision that would otherwise impose an indemnification obligation on the
20 State;

21 (5) a provision that requires the State to be bound by a term or condition
22 that:

23 (i) is unknown to the State at the time of signing a contract;

24 (ii) may be unilaterally changed by the other party; or

25 (iii) is electronically accepted by a State employee without authority;

26 (6) a provision that provides for a person other than the Attorney General
27 of Maryland to serve as legal counsel for the State, unless provided under § 6–106 of the
28 State Government Article;

29 (7) a provision that is inconsistent with the State's obligations under Title
30 3 or 4 of the General Provisions Article;

31 (8) a provision prohibited under § 7–237 of this article;

1 (9) a provision for automatic renewal that obligates the State to allocate
2 funding in subsequent fiscal years; or

3 (10) a provision that limits the State’s ability to recover the difference in the
4 cost of a replacement contractor to perform the services not performed by the original
5 contractor, to the extent that the sum of the amount paid to the replacement contractor and
6 the amount paid to the original contractor exceed the costs provided for in the contract with
7 the original contractor.

8 (c) If a State contract contains a provision listed under subsection (b) of this
9 section, the provision is void ab initio and the contract containing that provision shall be
10 enforceable as if it did not contain the provision.

11 (d) A State contract that contains a provision listed under subsection (b) of this
12 section shall be governed by and construed in accordance with State law, notwithstanding
13 any term or condition to the contrary in the contract.

14 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
15 1, 2026.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.