

Department of Legislative Services
 Maryland General Assembly
 2026 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 116 (Senator Hettleman)
 Budget and Taxation

Board of Public Works – Contract Review – Climate and Sustainability Information

This bill requires agencies, when submitting specified contract award recommendations to the Board of Public Works (BPW) for approval, to provide climate and sustainability information for each applicable contract. The information provided must appear on BPW’s agenda when the contract is considered. **The bill takes effect July 1, 2026.**

Fiscal Summary

State Effect: General fund and special fund expenditures each increase by *at least* \$94,700 in FY 2027 for staffing. Out-year expenditures reflect annualization and inflation. The bill likely has additional operational and fiscal effects that may delay procurement timelines and require additional staff; any such additional effects cannot be reliably estimated and therefore are not included in this analysis, as discussed below. Revenues are not affected.

(in dollars)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	94,700	111,900	117,100	122,300	127,700
SF Expenditure	94,700	111,900	117,100	122,300	127,700
Net Effect	(\$189,400)	(\$223,800)	(\$234,100)	(\$244,700)	(\$255,400)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: None. The bill does not materially affect local government finances or operations.

Small Business Effect: Minimal.

Analysis

Bill Summary: The bill's requirement applies to contracts submitted to BPW for:

- architectural and engineering services;
- construction;
- energy performance; general miscellaneous;
- landlord leases;
- and tenant leases.

To the extent applicable, agencies must provide information on (1) whether a contract contributes to the State's greenhouse gas (GHG) emissions reduction or net-zero carbon goals and how those benefits are attained; (2) how the contract provides for resilience adaptation to projected climate change and extreme weather events over the term of the contract or the useful life of the supplies or services; (3) how the contract advances the State's goals and leadership on climate mitigation, adaptation, resiliency, or innovation for sustainably sourced supplies or services; (4) how the contract includes supplies or services that are environmentally preferable; (5) how the contract incorporates aspects of design or construction that are consistent with the standards adopted by the Maryland Green Building Council; and (6) how the contract incorporates aspects of design or construction that are consistent with the intent of the high performance building requirements.

The liaisons to BPW from the offices of the Governor, Comptroller, and State Treasurer are responsible for ensuring compliance with the bill's requirements.

Current Law:

Greenhouse Gas Emissions

By June 30, 2023, the Maryland Department of the Environment (MDE) was required to submit a proposed plan to the Governor and the General Assembly that reduces statewide GHG emissions by 60% from 2006 levels by 2031. By December 31, 2023, MDE was required to adopt a final plan to meet the 2031 goal and that set the State on a path toward achieving net-zero statewide GHG emissions by 2045. By December 31, 2030, MDE must adopt a final plan that achieves net-zero statewide GHG emissions by 2045; by December 31, 2035, MDE must review and, as necessary, revise that plan.

Environmentally Preferable Purchasing

“Environmentally preferable product or service” means a product or service that throughout the full cycle of the product or service (1) is energy efficient, water efficient,

biobased, nonozone depleting, made with recycled content or nontoxic or (2) has other attributes recognized as environmentally preferable by the Maryland Green Purchasing Committee (MGPC).

To encourage the maximum purchase of environmentally preferable products and services, MGPC must establish environmentally preferable specifications to be adopted by all State agencies.

High Performance Buildings

“High performance building” means a building that (1) meets or exceeds the current version of the U.S. Green Building Council’s Leadership in Energy and Environmental Design Green Building Silver rating; (2) achieves at least a comparable numeric rating according to nationally recognized, accepted, and appropriate numeric sustainable development rating system, guideline, or standard approved by the Secretaries of Budget and Management and General Services; or (3) complies with a nationally recognized and accepted green building code, guideline, or standard reviewed and recommended by the Maryland Green Building Council and approved by the Secretaries of Budget and Management and General Services.

In general, the construction or major renovation of State buildings, community college buildings, and public school buildings that are at least 7,500 square feet must meet the high performance building standards.

Board of Public Works Contract Submissions

Current State laws and regulations do not specify what information agencies must provide to BPW for its review and approval of procurement contracts. The Code of Maryland Regulations (COMAR) only requires departments to prepare a separate item for each procurement contract. Agencies must also submit as an appendix to the applicable agency’s action agenda, any expedited procurement or emergency procurement contract or emergency contract modification that, with prior modifications, aggregates to more than \$50,000. Additionally, agencies must submit for the Board’s review and approval any award of a procurement contract containing a clause that allows the laws of a jurisdiction other than Maryland to prevail.

BPW also publishes a policy advisory [on its website](#) that outlines information that agencies should submit to the Board to facilitate its review of contract award recommendations. The required information includes:

- an item identifier indicating what type of award it is;
- the procurement method used to make the award;

- the bids or offers on a procurement, if applicable;
- the amount of the award;
- the term of the award, including start and end date;
- minority business enterprise and veteran small business enterprise participation, compliance, and waivers;
- whether the contract requires a performance bond (or other security);
- if a contract has been designated an eligible contract for hiring agreements;
- for capital construction projects to which it applies, whether a project conforms to Coast Smart Siting and Design Criteria established by the Maryland Coast Smart Council or has received a waiver;
- the source of funds for any expenditure; and
- any other remarks the agency wants to include.

BPW notes that this list is not exhaustive, and agencies may need to provide additional information as appropriate.

State Expenditures: The bill’s requirements for agencies to provide detailed and technical information relating to environmental and efficiency goals and standards increases the need for contract analysis by the agencies and likely requires specialized knowledge. Given the technical and broad nature of the required information, agencies may need additional resources and staff familiar with the State’s climate goals and sustainability initiatives. This increased workload will likely be most significant for the State’s control and primary procurement units – especially the Department of General Services (DGS) and the Maryland Department of Transportation (MDOT) – which work on procurements both for themselves and, in the case of DGS, the agencies they oversee. As a result, these agencies face workload demands under the bill that cannot be absorbed with existing staffing resources.

Department of General Services

DGS needs at least one full-time employee to assist with meeting the bill’s requirements. Accordingly, general fund expenditures increase by \$94,709 in fiscal 2027, which accounts for 90-day start-up delay from the bill’s July 1, 2026 effective date. This estimate reflects the cost of hiring a Climate Policy Analyst to report on and provide analysis for each DGS submission to BPW that must include the detailed environmental and sustainability information required under the bill. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Position	1.0
Salary and Fringe Benefits	\$85,568
Operating Expenses	<u>9,141</u>
Total FY 2027 State Expenditures	\$94,709

Future year expenditures reflect a full salary with annual increases and employee turnover as well as annual increases in ongoing operating expenses.

Maryland Department of Transportation

Similar to DGS, MDOT cannot absorb the additional workload required to prepare contracts for BPW review and approval with existing resources. Therefore, special fund (Transportation Trust Fund) expenditures increase by \$94,709 in fiscal 2027, which accounts for a 90-day start-up delay from the bill’s July 1, 2026 effective date. This estimate reflects the cost of hiring a BPW Climate Liaison to report on and provide analysis for each MDOT submission to BPW that must include the detailed environmental and sustainability information required under the bill. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Position	1.0
Salary and Fringe Benefits	\$85,568
Operating Expenses	<u>9,141</u>
Total FY 2027 State Expenditures	\$94,709

Future year expenditures reflect a full salary with annual increases and employee turnover as well as annual increases in ongoing operating expenses.

Other fiscal and operational impacts

Even with additional staff capacity, the bill is expected to lengthen procurement timelines as agencies prepare the required responses for applicable contracts. This may include the need to gather additional information from bidders or offerors, allow time for review by a primary procurement unit for completeness and accuracy, and, if necessary, extend the time needed for BPW to evaluate and approve each contract. However, BPW is expected to be able to handle any increased workload with existing resources.

To the extent that agencies process a high volume of procurements affected by the bill (*e.g.*, the Department of Natural Resources and MDE), there may be a further need for those agencies to hire additional staff to prepare BPW submissions. However, an accurate estimate of the staffing needs for each agency is not feasible without experience under the bill. Regardless, agencies are likely to experience some operational impact in the form of

increased staff workload and delayed procurements. To the extent additional agencies require more staff once they become more aware of their workloads, they can request staff through the annual budget process.

Additional Comments: The inclusion of architecture and engineering services contracts in the bill may present a challenge to agencies. These contracts can involve indefinite quantities and evolving scopes that are not determined until after an award is made, and it may be difficult for agencies to adequately address the questions of climate and sustainability for these contracts. Furthermore, it is standard practice for architecture and engineering contractors to determine how a project will comply with existing law during the design process, which begins only after an award is made. Requiring information on how the contract will comply with current law before that design process has been completed may not be feasible.

Additional Information

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

Designated Cross File: None.

Information Source(s): Department of Information Technology; Department of Commerce; Maryland Department of Aging; Maryland Department of Emergency Management; Comptroller's Office; Maryland State Treasurer's Office; University System of Maryland; Maryland Department of Agriculture; Department of Budget and Management; Maryland Department of the Environment; Department of General Services; Maryland Department of Health; Department of Housing and Community Development; Department of Human Services; Department of Juvenile Services; Maryland Department of Labor; Department of Natural Resources; Department of Public Safety and Correctional Services; Board of Public Works; Department of State Police; Maryland Department of Transportation; Department of Legislative Services

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