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February 5, 2025

TO: The Honorable Joseline Pena-Melnyk
Chair, Health and Government Operations Committee

FROM: Tiffany Clark
Chief, Legislative Affairs, Office of the Attorney General

RE: House Bill 500 – Procurement Reform Act of 2025- **Support**

The Office of the Attorney General requests a favorable report of **House Bill 500** – Procurement Reform Act of 2025. **House Bill 500** will make Maryland’s procurement process more transparent and equitable.

House Bill 500 establishes comprehensive and sweeping reforms to Maryland’s procurement laws. The Office of State Procurement and Chief Procurement Officer will generally be given wide authority over specific Maryland Department of Transportation procurements and other procurements. **House Bill 500** also revises the way in which the State addresses a number of procurement matters, including, but not limited to, small business practices; noncompetitive negotiations; communications with the Board of Public Works on certain procurement matters; certain Office of Small, Minority, and Women Business Affairs programs; pay-for-success contracting; master contracting thresholds; submittals of workforce and/or supplier diversity plans; alteration of payments of certain procurement programs; procurement preference for good labor practice certified business; and more.

Additionally, **House Bill 500** creates a Good Labor Practices Preference for contractors that attest that in the performance of work on the contract, it will: (1) employ workers as W-2 employees, (2) issue paychecks rather than pay in cash, (3) provide the Maryland Department of Labor with a list of all subcontractors on the project, (4) provide written notice to the subcontractors of their obligations to employ workers as true employees and otherwise comply with wage and hour laws; and (5) agree to be jointly and severally liable with the subcontractor for any violations. **House Bill 500** will incentivize compliance with wage and hour laws and make it easier to address violations of State wage and hour laws.

Please note that the OAG has no position on the MBE goals laid out in this bill.

Transparency in procurement fosters an environment of fairness, competition, and trust, which benefits government agencies and businesses alike. For the foregoing reasons the Office of the Attorney General requests a favorable report on **House Bill 500**.

CC: Governor's Legislative Office
Health and Government Operations Committee Members