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Budget and Taxation Committee

Capital Budget Subcommittee
Health and Human Services Subcommittee

THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Vote Yes to Senate Bill 63

Bill Hearing: January 28, 2026

Bill Title: State Procurement-Construction and Services- Contract Modification

Dear Chair Guzzone and members of the committee:

Thank you for the opportunity to present testimony in support of **Senate Bill 63**.

SB 63 is a common-sense reform that brings fairness into the State's procurement process. When Maryland enters into long-term contracts, especially for **construction and security services** those contracts can span multiple years and significant economic changes. Yet, as things stand today, there is no clear mechanism to adjust a contract when the law changes in a way that increases labor costs and benefits after the contract has already been awarded.

This bill requires that contracts which are **three years or longer and valued at more than \$2 million** include a clause allowing for an **equitable adjustment** of the contract if costs increase because of **statutory changes that mandate higher compensation or benefits**. For security services contracts, it also covers cost increases resulting from **collective bargaining agreements**. Any contract modification under these provisions would continue to require approval by the **Chief Procurement Officer**, providing responsible oversight and protecting the State's interests.

We all want a procurement system that delivers quality services, that is predictable for contractors, and that holds the State accountable. But we also have to acknowledge that market realities and legal requirements change. Contractors who bid years in advance should not be left holding the bag when a new law or labor standard increases costs beyond what was foreseeable at the time of bidding.

By allowing equitable adjustments for increased costs tied directly to statutory and bargaining-related changes, SB 63 protects workers, promotes compliance with state law, and helps ensure that service providers remain financially viable and able to fulfill their obligations to the State.

For those reasons, I respectfully request a **favorable report** on Senate Bill 63