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HB 1557 Testimony
Procurement - Department of General Services - Real Estate Advisory
Committee & Property Acquisition and Lease Requirements
Senate Budget and Tax Committee
April 1, 2026

Chair Guzzone, Vice Chair Rosapepe, and Colleagues,

Thank you for the opportunity to present on HB 1557 a priority piece of legislation for the Joint Audit and Evaluation Committee (JAEC). This legislation creates a Real Estate Advisory Committee to advise the Department of General Services (DGS), the Board of Public Works (BPW), and the General Assembly on best practices for real estate management in the State. It also amends existing State Finance and Procurement Article to require that the Legislative Policy Committee (LPC) receive detailed documentation of State real estate transactions. Both primary provisions of the bill are to ensure that additional due diligence is conducted with respect to contract costs and benefits, and to ensure that these real estate transactions are in the best interest of the State.

Existing transparency measures only apply to state property purchases over \$500,000. HB 1557 would apply them to transactions on proposed leases and lease renewals with an annual value of at least \$500,000 and add additional oversight mechanisms.

Recent audits have had findings related to a variety of issues including the competitiveness of lease rates; whether related agency leases should be combined to increase purchasing power; consideration of lease versus purchase options; and related change orders and costs. This bill hopes to address many of those findings.

What Does the Bill Do?

The bill creates a Real Estate Advisory Committee that consists of the following:

- One member from the House, and one member from the Senate (both ex-officio);
- The Secretary of DGS or their designee;
- Six members with expertise in real estate leases and purchases, 4 appointed by DGS and 2 appointed by the General Assembly; and

- The Secretary of DGS will designate the chair of the committee, and DGS will staff the Committee along with DLS.

The Committee will provide a centralized look at State real estate and provide real estate advice from experts in the private sector. It must meet at least three times a year, and at least once to review the State's long-term real estate plan, with an annual report due October 1 each year.

Legislative Policy Committee Review

The LPC can review State leases, lease renewals, and purchases to ensure that they are consistent with State law, and are the most advantageous to the State. The documentation reviewed includes multiple items that give the full scope of each project, and justification must be provided in the documents for certain key items as follows: costs or provisions outside of ordinary and regular contract terms, why there is a removal of any standard real estate contract provisions (such as the right of the State to terminate a lease), and details that justify why the project is in the best interest of the State.

The LPC must also receive the following:

- Full cost-benefit analyses for each project, including a separate analysis for renovation costs only;
- A complete view of all contract options including lease vs. buy, lease consolidation, rent escalation rates, etc.
- Certification that full funding is available for any renovations; and
- Justification for each project's construction costs that consider the reasonableness and competitiveness of each item; and
- Any other item the LPC deems necessary for review.

The LPC is already required to receive documentation before a project may be approved, and this legislation builds on that already existing process set out in statute without altering the current BPW approval process.

In closing, HB 1557 is intended to increase transparency and best practices to address multiple issues and repeat findings in recent audits, and to ensure leases, lease renewals, and purchases are in the best interest of the State.

HB 1557 passed the House 119-12.

Thank you for your consideration and I urge a favorable report for HB 1557.