

HOUSE BILL 587

P2, P1, R2

(6lr0903)

ENROLLED BILL

— Government, Labor, and Elections/Budget and Taxation —

Introduced by **Delegates Phillips, Alston, Crutchfield, Hill, Kaufman, Mireku-North, Patterson, Roberts, Ruff, Stinnett, Woods, and Wu**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this

_____ day of _____ at _____ o'clock, _____ M.

Speaker.

CHAPTER _____

1 AN ACT concerning

2 **Procurement – Department of Transportation and Maryland Transportation**
3 **Authority Contracts – Board of Public Works Contract Authority – Study and**
4 **Report**

5 FOR the purpose of ~~authorizing the Board of Public Works to control certain procurement~~
6 ~~contracts by the Department of Transportation and the Maryland Transportation~~
7 ~~Authority valued at or above a certain amount; requiring the Board to adopt~~
8 ~~regulations for the review of a contract modification for certain procurement~~
9 ~~contracts by the Department or the Authority; *establishing a workgroup to review*~~
10 ~~*the procurement procedures for capital expenditures in connection with State roads,*~~
11 ~~*bridges, or highways and to issue a certain report making certain recommendations;*~~
12 and generally relating to procurement contracts and the Department of
13 Transportation and the Maryland Transportation Authority.

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.

Italics indicate opposite chamber/conference committee amendments.



~~BY repealing and reenacting, with amendments,
 Article — State Finance and Procurement
 Section 4-415, 10-202, 12-101(a), 12-103, 12-107(a), 12-108, and 12-202(a)
 Annotated Code of Maryland
 (2021 Replacement Volume and 2025 Supplement)~~

~~BY repealing and reenacting, without amendments,
 Article — State Finance and Procurement
 Section 12-101(b) and 12-107(b)(3)
 Annotated Code of Maryland
 (2021 Replacement Volume and 2025 Supplement)~~

~~BY adding to
 Article — State Finance and Procurement
 Section 12-101(e), 12-107(e), and 12-202(h)
 Annotated Code of Maryland
 (2021 Replacement Volume and 2025 Supplement)~~

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

~~Article — State Finance and Procurement~~

~~4-415.~~

~~(a) This section does not apply to any capital expenditures by the Department of
 Transportation or the Maryland Transportation Authority in connection with State roads,
 bridges, or highways VALUED BELOW \$500,000 \$5,000,000.~~

~~(b) Before execution, a contract for the acquisition of land shall be:~~

~~(1) reviewed by the Secretary of General Services; and~~

~~(2) except as provided in § 12-204 of this article, after that review,
 approved by the Board of Public Works.~~

~~(c) (1) This subsection does not apply to any capital expenditure VALUED
 BELOW \$500,000 \$5,000,000 by:~~

~~(i) the Maryland Aviation Administration;~~

~~(ii) the Maryland Port Administration; or~~

~~(iii) the Maryland Transit Administration.~~

1 ~~(2) At least 40 days before the Board of Public Works may act on a land~~
2 ~~acquisition, the Division shall give written notice of a potential acquisition of land:~~

3 ~~(i) to the governing body of the county in which the land is located;~~
4 ~~and~~

5 ~~(ii) if the land is located within a municipal corporation, to the~~
6 ~~governing body of the municipal corporation.~~

7 ~~(3) Within 30 days after receiving notice under this subsection, the~~
8 ~~governing body may submit written comments to the Division.~~

9 ~~(4) THE BOARD OF PUBLIC WORKS SHALL ADOPT REGULATIONS FOR~~
10 ~~THE REVIEW OF A CONTRACT MODIFICATION VALUED ABOVE \$1,000,000 FOR A~~
11 ~~CAPITAL EXPENDITURE IDENTIFIED IN PARAGRAPH (1) OF THIS SUBSECTION.~~

12 ~~(d) The Board of Public Works shall supervise the expenditure of any money that~~
13 ~~the General Assembly appropriates for the acquisition of land.~~

14 ~~10-202.~~

15 ~~(a) This section does not apply to property to be acquired in connection with State~~
16 ~~roads, bridges, or highways VALUED BELOW \$500,000 \$5,000,000.~~

17 ~~(b) Subject to Title 12 of the Real Property Article, the Board may condemn~~
18 ~~property for State use.~~

19 ~~(c) The Department of General Services, with the approval of the Board, shall~~
20 ~~adopt regulations in accordance with Title 10, Subtitle 1 of the State Government Article~~
21 ~~that establish a uniform method of determining the value of any applicable life estate~~
22 ~~discount for property condemned in accordance with this section.~~

23 ~~(D) THE BOARD OF PUBLIC WORKS SHALL ADOPT REGULATIONS FOR THE~~
24 ~~REVIEW OF A CONTRACT MODIFICATION VALUED ABOVE \$1,000,000 FOR AN~~
25 ~~ACQUISITION IDENTIFIED IN SUBSECTION (A) OF THIS SECTION.~~

26 ~~12-101.~~

27 ~~(a) This section does not apply to:~~

28 ~~(1) capital expenditures by the Department of Transportation or the~~
29 ~~Maryland Transportation Authority, in connection with State roads, bridges, or highways,~~
30 ~~as provided in § 12-202 of this title, VALUED BELOW \$500,000 \$5,000,000; or~~

31 ~~(2) procurements by the Department of General Services for the purpose of~~
32 ~~modernizing cybersecurity infrastructure for the State valued below \$1,000,000.~~

1 (b) (1) ~~The Board may control procurement by units.~~

2 (2) ~~To implement the provisions of this Division II, the Board may:~~

3 (i) ~~set policy;~~

4 (ii) ~~adopt regulations, in accordance with Title 10, Subtitle 1 of the~~
5 ~~State Government Article; and~~

6 (iii) ~~establish internal operational procedures consistent with this~~
7 ~~Division II.~~

8 (3) ~~The Board shall ensure that the regulations of the primary~~
9 ~~procurement units provide for procedures that are consistent with this Division II and Title~~
10 ~~13, Subtitle 4 of the State Personnel and Pensions Article and, to the extent the~~
11 ~~circumstances of a particular type of procurement or a particular unit do not require~~
12 ~~otherwise, are substantially the same.~~

13 (4) ~~The Board may delegate any of its authority that it determines to be~~
14 ~~appropriate for delegation and may require prior Board approval for specified procurement~~
15 ~~actions.~~

16 (5) ~~Except as limited by the Maryland Constitution, the Board may~~
17 ~~exercise any control authority conferred on a primary procurement unit by this Division II~~
18 ~~and, to the extent that its action conflicts with the action of the primary procurement unit,~~
19 ~~the action of the Board shall prevail.~~

20 **(E) THE BOARD OF PUBLIC WORKS SHALL ADOPT REGULATIONS FOR THE**
21 **REVIEW OF A CONTRACT MODIFICATION VALUED ABOVE \$1,000,000 FOR A CAPITAL**
22 **EXPENDITURE IDENTIFIED IN SUBSECTION (A)(1) OF THIS SECTION.**

23 ~~12-103.~~

24 (a) ~~This section does not apply to capital expenditures by the Department of~~
25 ~~Transportation or the Maryland Transportation Authority, in connection with State roads,~~
26 ~~bridges, or highways, as provided in § 12-202 of this title, VALUED BELOW \$500,000~~
27 ~~\$5,000,000.~~

28 (b) ~~Notwithstanding any delegation of authority under § 12-101 of this subtitle,~~
29 ~~the Board retains full authority to engage in procurement of services and supplies for itself.~~

30 (e) ~~By resolution, the Board may authorize a Board member or a unit to exercise~~
31 ~~all or any part of the authority of the Board for a specific Board procurement or for a~~
32 ~~particular class of Board procurements.~~

~~(D) THE BOARD OF PUBLIC WORKS SHALL ADOPT REGULATIONS FOR THE REVIEW OF A CONTRACT MODIFICATION VALUED ABOVE \$1,000,000 FOR A CAPITAL EXPENDITURE IDENTIFIED IN SUBSECTION (A) OF THIS SECTION.~~

~~12-107.~~

~~(a) This section does not apply to capital expenditures by the Department of Transportation or the Maryland Transportation Authority, in connection with State roads, bridges, or highways, as provided in § 12-202 of this title, VALUED BELOW \$500,000 \$5,000,000.~~

~~(b) Subject to the authority of the Board, jurisdiction over procurement is as follows:~~

~~(3) the Department of Transportation and the Maryland Transportation Authority, without the approval of any of the other primary procurement units, may engage in the procurement of:~~

~~(i) construction that is related to transportation, as provided in the Transportation Article;~~

~~(ii) construction related services that are related to transportation, as provided in the Transportation Article;~~

~~(iii) architectural or engineering services that are related to transportation, under Title 13, Subtitle 3 of this article;~~

~~(iv) supplies for transportation related activities, including information technology supplies that are subject to Title 3.5 of this article, but excluding:~~

~~1. supplies funded by the proceeds from State general obligation bonds; and~~

~~2. insurance;~~

~~(v) services for transportation related activities, including information technology services that are subject to Title 3.5 of this article, but excluding banking and financial services under the authority of the State Treasurer under item (1) of this subsection;~~

~~(vi) rolling stock and other property peculiar to the operation of a transit system, as provided in § 7-403 of the Transportation Article;~~

~~(vii) supplies for aeronautics related activities, including motor vehicles and information processing supplies, but excluding:~~

~~1. supplies funded by the proceeds from State general obligation bonds; and~~

~~2. insurance; and~~

~~(viii) services for aeronautics related activities, including information processing services, but excluding banking and financial services under the authority of the State Treasurer under item (1) of this subsection; and~~

~~(C) THE BOARD OF PUBLIC WORKS SHALL ADOPT REGULATIONS FOR THE REVIEW OF A CONTRACT MODIFICATION VALUED ABOVE \$1,000,000 FOR A CAPITAL EXPENDITURE IDENTIFIED IN SUBSECTION (A) OF THIS SECTION.~~

~~12-108.~~

~~(a) This section does not apply to capital expenditures by the Department of Transportation or the Maryland Transportation Authority, in connection with State roads, bridges, or highways, as provided in § 12-202 of this title, VALUED BELOW \$500,000 \$5,000,000.~~

~~(b) Subject to the approval of the Board and under the coordination of the Governor, each of the primary procurement units shall:~~

~~(1) adopt regulations to carry out this Division II;~~

~~(2) send to the Board a copy of each proposed regulation under item (1) of this subsection; and~~

~~(3) send to the Board a copy of each internal operating procedure that the primary procurement unit adopts.~~

~~(C) AS PART OF THE REGULATIONS REQUIRED UNDER SUBSECTION (B) OF THIS SECTION, THE BOARD OF PUBLIC WORKS SHALL ADOPT REGULATIONS FOR THE REVIEW OF A CONTRACT MODIFICATION VALUED ABOVE \$1,000,000 FOR A CAPITAL EXPENDITURE IDENTIFIED IN SUBSECTION (A) OF THIS SECTION.~~

~~12-202.~~

~~(a) This section does not apply to capital expenditures:~~

~~(1) for public school construction under Title 5, Subtitle 3 of the Education Article; or~~

~~(2) by the Department of Transportation or the Maryland Transportation Authority, in connection with State roads, bridges, or highways VALUED BELOW \$500,000 \$5,000,000.~~

1 ~~(H) THE BOARD OF PUBLIC WORKS SHALL ADOPT REGULATIONS FOR THE~~
2 ~~REVIEW OF A CONTRACT MODIFICATION VALUED ABOVE \$1,000,000 FOR A CAPITAL~~
3 ~~EXPENDITURE IDENTIFIED IN SUBSECTION (A)(2) OF THIS SECTION.~~

4 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

5 *That:*

6 (a) *There is a Workgroup on Transportation Contract Approval Authority.*

7 (b) *The Workgroup consists of the following members:*

8 (1) *one member of the House of Delegates, appointed by the Speaker of the*
9 *House;*

10 (2) *one member of the Senate of Maryland, appointed by the President of the*
11 *Senate;*

12 (3) *the Comptroller, or the Comptroller's designee;*

13 (4) *the State Treasurer, or the State Treasurer's designee;*

14 (5) *the Secretary of Transportation, or the Secretary's designee;*

15 (6) *the Secretary of Social and Economic Mobility, or the Secretary's*
16 *designee;*

17 (7) *a representative appointed by the Maryland Association of Counties; and*

18 (8) *the following members appointed by the Governor:*

19 (i) *a representative of the engineering and design services industry;*

20 (ii) *a representative of the transportation construction and materials*
21 *industry;*

22 (iii) *a member of the business community who has been certified as a*
23 *Disadvantaged Business Enterprise and as a Minority Business Enterprise; and*

24 (iv) *a representative of a State labor organization.*

25 (c) *The Governor shall designate the chair of the Workgroup.*

26 (d) *The Department of Transportation and the Board of Public Works shall jointly*
27 *provide staff for the Workgroup.*

1 (e) A member of the Workgroup:

2 (1) may not receive compensation as a member of the Workgroup; but

3 (2) is entitled to reimbursement for expenses under the Standard State
4 Travel Regulations, as provided in the State budget.

5 (f) The Workgroup shall:

6 (1) study the existing approval authority structure for capital expenditures
7 by the Department of Transportation and the Maryland Transportation Authority in
8 connection with State roads, bridges, or highways, including a review of the justifications
9 for the existing approval authority structure and whether the structure continues to provide
10 public benefit;

11 (2) study the effect of altering the approval authority structure for capital
12 expenditures by the Department of Transportation and the Maryland Transportation
13 Authority in connection with State roads, bridges, or highways, including whether to require
14 approval of the award of new contracts and change orders for these projects by the Board of
15 Public Works process;

16 (3) study the purpose, impact, and public value of the Board of Public
17 Works' approval process for capital expenditures by the Department of Transportation and
18 the Maryland Transportation Authority in connection with State roads, bridges, or
19 highways;

20 (4) analyze alternative options for review and approval by the Board of
21 Public Works for the award of new contracts and change orders for road, bridge, or highway
22 projects that include:

23 (i) advance notice and opportunity to review and comment on
24 upcoming contracts conducted by the Department of Transportation or the Maryland
25 Transportation Authority, and the appropriate stage of the contract for these activities;

26 (ii) public reporting of contract and change order awards made by the
27 Department of Transportation or the Maryland Transportation Authority; or

28 (iii) appropriate thresholds for new contracts and contract change
29 orders or modifications related to capital expenditures by the Department of Transportation
30 and the Maryland Transportation Authority in connection with State roads, bridges, or
31 highways;

32 (5) examine the impact on contract award and completion timeline;

33 (6) evaluate the effect of expanding the current delegated authority for
34 capital expenditures by the Department of Transportation and the Maryland Transportation
35 Authority in connection with State roads, bridges, or highways to contracts and change

1 orders for maintenance and capital construction to support service on Maryland Transit
2 Administration fixed guideway systems and associated transit facilities and vehicles; and

3 (7) evaluate the impact of the existing approval authority structure and any
4 alternative approval authority structures on the ability to secure federal funding for roads,
5 bridges, or highways.

6 (g) On or before December 1, 2026, the Workgroup shall report its findings and
7 recommendations to the Governor and, in accordance with Section 2-1257 of the State
8 Government Article, the General Assembly.

9 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect ~~July~~
10 June 1, 2026. It shall remain effective for a period of 1 year and 1 month and, at the end of
11 June 30, 2027, this Act, with no further action required by the General Assembly, shall be
12 abrogated and of no further force and effect.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.