

Department of Legislative Services  
Maryland General Assembly  
2015 Session

FISCAL AND POLICY NOTE

House Bill 440  
Appropriations

(Howard County Delegation)

Finance

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Howard County - Insurance - Certificates of Guarantee for County Bond  
Requirements  
Ho. Co. 8-15

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This bill authorizes, but does not require, Howard County to honor certificates of guarantee issued by a nonprofit association of contractors, or its wholly owned subsidiary in order to satisfy certain county bond requirements.

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Fiscal Summary

**State Effect:** None. The Maryland Insurance Administration can enforce the bill's requirements using existing budgeted resources.

**Local Effect:** The bill authorizes, but does not require, Howard County to honor certificates of guarantee issued by a nonprofit association of contractors. Any impact on Howard County finances is expected to be minimal.

**Small Business Effect:** Potential minimal.

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Analysis

**Current Law:** A "certificate of guarantee" means an instrument that is issued on behalf of a contractor for the purpose of satisfying county bond requirements for public improvements or other county bond requirements. A "contractor" means a person that, for a fixed price, commission, fee, or percentage, undertakes to bid on or accepts or offers to accept orders or contracts to perform or supervise the construction, improvement, or maintenance of a building, structure, or road.

**Background:** Other counties authorized to honor certificates of guarantee include Calvert, Charles, Montgomery, Prince George's, St. Mary's, and Washington.

**Local Fiscal Effect:** Howard County was unable to estimate the fiscal impact of the bill. According to the Howard County Department of Public Works, there are several unanswered questions regarding implementation of the bill, including whether or not this system can meet the county's warranty requirements after completion of a project.

Since the bill authorizes, but does not require, Howard County to honor certificates of guarantee issued by a nonprofit association of contractors, the impact on Howard County finances is expected to be minimal.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Howard County, Maryland Insurance Administration, Department of Legislative Services

**Fiscal Note History:** First Reader - February 13, 2015  
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