

HOUSE BILL 583

P2

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CF 0lr2664

By: **Delegate Cullison**

Introduced and read first time: January 27, 2020

Assigned to: Health and Government Operations

A BILL ENTITLED

1 AN ACT concerning

2 **State Procurement – Payment of Employee Health Care Expenses – Revisions**

3 FOR the purpose of requiring the Maryland Stadium Authority and the University System
4 of Maryland, by regulation, to establish certain procedures for each bidder,
5 contractor, or subcontractor that performs work on certain construction projects to
6 certify that the bidder, contractor, or subcontractor pays certain employee health
7 care expenses; authorizing a certain bidder, contractor, or subcontractor to
8 demonstrate the payment of certain employee health care expenses in a certain
9 manner on or before a certain date; requiring the Maryland Stadium Authority and
10 the University System of Maryland to collaborate with the Maryland Department of
11 Labor to develop a certain form; altering the application of certain provisions of law
12 related to the payment of employee health care expenses by bidders, contractors, and
13 subcontractors; altering the definition of “subcontractor” for the purposes of certain
14 provisions of law related to the payment of employee health care expenses by bidders,
15 contractors, and subcontractors to include a person added to a contract with the State
16 after a contract is awarded for a certain purpose; repealing an obsolete provision of
17 law; making conforming changes; and generally relating to procurement and the
18 payment of employee health care expenses.

19 BY repealing and reenacting, without amendments,
20 Article – State Finance and Procurement
21 Section 17–801(a) and (d)
22 Annotated Code of Maryland
23 (2015 Replacement Volume and 2019 Supplement)

24 BY repealing and reenacting, with amendments,
25 Article – State Finance and Procurement
26 Section 17–801(g), 17–802, and 17–803
27 Annotated Code of Maryland
28 (2015 Replacement Volume and 2019 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

3 **Article – State Finance and Procurement**

4 17–801.

5 (a) In this subtitle the following words have the meanings indicated.

6 (d) “Employee” means an individual who is employed by a responsible bidder,
7 contractor, or subcontractor to work on or at the site of a State–funded construction project.

8 (g) “Subcontractor” means a person:

9 **(1)** listed on a responsive bid to provide goods or services under a portion
10 of a contract with the State; **OR**

11 **(2)** **ADDED TO A CONTRACT WITH THE STATE AFTER THE CONTRACT**
12 **IS AWARDED IN ORDER TO PROVIDE GOODS OR SERVICES UNDER A PORTION OF THE**
13 **CONTRACT.**

14 17–802.

15 (a) Subject to subsection (b) of this section, the Board shall adopt regulations that
16 require all bidders, contractors, and subcontractors to pay employee health care expenses
17 as required by this subtitle.

18 (b) This subtitle does not apply to:

19 (1) [a minority business enterprise, as defined under Title 14, Subtitle 3 of
20 this article; or

21 (2)] a small business [with 30]:

22 **(I)** **EMPLOYING 50** or fewer [employees] **INDIVIDUALS IN ITS**
23 **MOST RECENTLY COMPLETED 3 FISCAL YEARS; AND**

24 **(II)** **THE GROSS SALES OF WHICH DID NOT EXCEED AN AVERAGE**
25 **OF \$ 7,000,000 IN ITS MOST RECENTLY COMPLETED 3 FISCAL YEARS; OR**

26 **(2)** **AN EMPLOYEE EMPLOYED TO WORK ON OR AT THE SITE OF A**
27 **STATE–FUNDED CONSTRUCTION PROJECT THAT IS VALUED AT LESS THAN \$500,000.**

28 **(C)** **IF A BUSINESS HAS NOT EXISTED FOR AT LEAST 3 FISCAL YEARS, THE**
29 **EMPLOYMENT AND GROSS SALES DETERMINED FOR THE PURPOSES OF SUBSECTION**

1 **(B)(1) OF THIS SECTION SHALL BE BASED ON EACH FISCAL YEAR OR PART OF A**
2 **FISCAL YEAR IN WHICH THE BUSINESS HAS BEEN IN EXISTENCE.**

3 17-803.

4 (a) By regulation, the Department of General Services [and], the Department of
5 Transportation, **THE MARYLAND STADIUM AUTHORITY, AND THE UNIVERSITY**
6 **SYSTEM OF MARYLAND** shall establish procedures for each bidder, contractor, or
7 subcontractor that performs work on a State-funded construction project to certify that the
8 bidder, contractor, or subcontractor pays employee health care expenses in accordance with
9 subsection (b) of this section.

10 (b) (1) Except as provided in paragraph (2) of this subsection, a bidder,
11 contractor, or subcontractor shall demonstrate the payment of employee health care
12 expenses by submitting certification or a valid contract to the Department of General
13 Services [or], the Department of Transportation, **THE MARYLAND STADIUM**
14 **AUTHORITY, OR THE UNIVERSITY SYSTEM OF MARYLAND** evidencing that, with
15 respect to the employees who will work on or at the site of the project:

16 (i) the bidder, contractor, or subcontractor pays aggregate employee
17 health care expenses of at least 5% of the aggregate Social Security wages paid by the
18 bidder, contractor, or subcontractor; or

19 (ii) the bidder, contractor, or subcontractor pays 50% or more of the
20 required premium necessary to obtain coverage by a credible health care insurance plan.

21 (2) Before July 1, [2020] **2021**, a bidder, contractor, or subcontractor may
22 demonstrate payment of employee health care expenses by submitting certification or a
23 valid contract to the [Department of General Services or the Department of
24 Transportation] **MARYLAND STADIUM AUTHORITY OR THE UNIVERSITY SYSTEM OF**
25 **MARYLAND** evidencing, with respect to the employees who will work on or at the site of
26 the project, that:

27 (i) under a contract with a credible health care insurance plan or
28 through a collective bargaining agreement, the bidder, contractor, or subcontractor pays
29 some portion of employee health care expenses; and

30 (ii) the bidder, contractor, or subcontractor will meet the
31 requirements of paragraph (1) of this subsection on renewal of the contract or collective
32 bargaining agreement.

33 (c) The Department of General Services [and], the Department of
34 Transportation, **THE MARYLAND STADIUM AUTHORITY, AND THE UNIVERSITY**
35 **SYSTEM OF MARYLAND** shall collaborate with the Maryland Department of Labor to
36 develop the form required for certification under subsection (b) of this section.

1 (d) A procurement officer may require a responsible bidder or subcontractor to
2 submit records to the procurement officer that are sufficient to support the certification
3 that the bidder or subcontractor submitted in accordance with subsection (b) of this section.

4 (e) If a responsible bidder that is awarded a contract to work on a State-funded
5 construction project fails to submit records required under this section within a reasonable
6 period of time, the procurement officer may void the contract.

7 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
8 1, 2020.