

Department of Legislative Services
Maryland General Assembly
2023 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 543

(Delegate Tomlinson, *et al.*)

Health and Government Operations

Budget and Taxation

State Procurement - Small Procurement - Definition

This bill raises the maximum dollar value threshold for most “small procurements” from \$50,000 to \$100,000 and makes conforming changes to other specialized small procurement thresholds.

Fiscal Summary

State Effect: No material effect on State finances, but State agencies may experience administrative efficiencies to the extent that they can procure more goods and services using small procurement methods.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Bill Summary: The bill raises the maximum dollar threshold for the following categories of small procurements:

- for specified revenue-generating contracts, from \$50,000 to \$100,000;
- for specified expenses for independent medical evaluations and physician testimony on behalf of the State Retirement Agency, from \$50,000 to \$100,000;
- for construction contracts by the Department of General Services (DGS) and Maryland Department of Transportation (MDOT), from \$100,000 to \$200,000; and
- for capital or maintenance contracts by the Department of Natural Resources (DNR), from \$100,000 to \$200,000.

Current Law: In general, procurement law defines a small procurement to be a procurement for which an agency spends \$50,000 or less, or for which a contractor provides specified services with expected annual revenues of \$50,000 or less. These limits were raised from \$25,000 by Chapters 588 and 589 of 2017. Procurement law specifies additional thresholds for specialized procurements, including (1) \$100,000 for construction contracts by DGS or MDOT and (2) \$100,000 for capital or maintenance projects by DNR.

All small procurements must seek competition to the extent practicable. Each procurement agency must solicit bids or offers from a sufficient number of certified minority-owned businesses and attempt to solicit bids or offers from small businesses.

Procurement regulations further divide small procurements into three categories:

- Category I – \$5,000 or less: Either oral or written solicitations, or both, allowed; posting on eMaryland Marketplace (eMM) not required; single bid or offer acceptable; and awarded based on the judgment of procurement officer.
- Category II – more than \$5,000 and up to \$15,000: Either oral or written solicitations, or both, allowed; at least two bids or offers; posting on eMM not required; and awarded based on most favorable bid price, evaluated bid price, or most advantageous offer.
- Category III – more than \$15,000 and up to \$50,000 (or up to \$100,000 for specified construction or maintenance projects): Written solicitation only; must be posted on eMM; at least two bids or offers; and awarded based on most favorable bid price, evaluated bid price, or most advantageous offer.

Additional Information

Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Department of General Services; Department of Natural Resources; Board of Public Works; Maryland Department of Transportation; State Retirement Agency; Department of Legislative Services

Fiscal Note History: First Reader - February 26, 2023
rh/ljm Third Reader - March 20, 2023

Analysis by: Michael C. Rubenstein

Direct Inquiries to:
(410) 946-5510
(301) 970-5510