

# SENATE BILL 778

P2

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By: **Senators Hershey and Ready**

Introduced and read first time: February 5, 2018

Assigned to: Education, Health, and Environmental Affairs

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## A BILL ENTITLED

1 AN ACT concerning

2 **Procurement – Payment Security – Construction Contracts**

3 FOR the purpose of increasing, to at least a certain percent, the amount of payment security  
4 a contractor is required to provide before a public body is authorized to award a  
5 construction contract; and generally relating to payment security and construction  
6 contracts.

7 BY repealing and reenacting, with amendments,  
8 Article – State Finance and Procurement  
9 Section 17–103(a)  
10 Annotated Code of Maryland  
11 (2015 Replacement Volume and 2017 Supplement)

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

14 **Article – State Finance and Procurement**

15 17–103.

16 (a) (1) Before a public body awards a construction contract exceeding  
17 \$100,000, the contractor shall provide payment security and performance security that  
18 meet the requirements of § 17–104 of this subtitle.

19 (2) The security shall be:

20 (i) for performance security, in an amount that the public body  
21 considers adequate for its protection; and

22 (ii) for payment security, at least ~~[50%]~~ **100%** of the total amount

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 payable under the contract.

2           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
3 October 1, 2018.