

(2) ON THE TERMINATION OF CONTRACTS FOR THE DEFAULT OF THE CONTRACTOR; AND

(3) ON THE TERMINATION OF CONTRACTS FOR THE CONVENIENCE OF THE STATE.

TITLE 6 COST PRINCIPLES

6-101

THE DEPARTMENT SHALL PROMULGATE REGULATIONS DIRECTED TOWARDS DETERMINING THE REASONABLENESS OF PRICE AND ESTABLISHING COST PRINCIPLES, BASED UPON GENERALLY ACCEPTED ACCOUNTING PRINCIPLES, WHICH SHALL BE USED:

(1) AS GUIDELINES IN NEGOTIATING:

(I) ESTIMATED COSTS OR FIXED PRICES IF THE ABSENCE OF OPEN MARKET COMPETITION PRECLUDES THE USE OF COMPETITIVE SEALED BIDDING;

(II) ADJUSTMENTS FOR STATE DIRECTED CHANGES OR MODIFICATIONS IN CONTRACT PERFORMANCE; AND

(III) SETTLEMENTS OF TERMINATED CONTRACTS.

(2) TO DETERMINE THE ALLOWABILITY OF COSTS UNDER CONTRACT PROVISIONS WHICH PROVIDE FOR THE REIMBURSEMENT OF COSTS; AND

(3) IN ANY OTHER SITUATION THAT REQUIRES THE DETERMINATION OF THE ESTIMATED OR THE INCURRED COSTS OF PERFORMING CONTRACTS.

SECTION 8. AND BE IT FURTHER ENACTED, That Section(s) 10A(a), (b), (c), and (d), respectively, of Article 41 - Governor - Executive and Administrative Departments, of the Annotated Code of Maryland be and they are hereby transferred, with amendments, to be Section(s) 7-101 through 7-104, respectively, to be under the new title "Title 7. Administrative and Civil Remedies" and the new subtitle "Subtitle 1. Defense of Sovereign Immunity in Actions in Contract", of the new Article 21 - Procurement, of the Annotated Code of Maryland, to read as follows:

ARTICLE 21 - PROCUREMENT

TITLE 7. ADMINISTRATIVE AND CIVIL REMEDIES

SUBTITLE 1. DEFENSE OF SOVEREIGN IMMUNITY IN ACTIONS IN CONTRACT

[10A.] 7-101.