

FOR the purpose of ~~specifying that a procurement officer may require the subcontractor of a contractor to provide certain security on certain procurement contracts; specifying the manner in which a subcontractor may satisfy the security requirement; requiring each subcontractor of a contractor, before a public body awards to the contractor a construction contract in excess of a certain amount of money, to provide payment security and performance security that meet certain requirements altering the amount of the dollar value threshold for which a procurement officer may require certain contractors to provide payment security and performance security on certain contracts; requiring the Department of General Services to report to certain committees of the General Assembly on or before a certain date; and generally relating to payment security and performance security on procurement contracts by subcontractors.~~

BY repealing and reenacting, with amendments,

Article – State Finance and Procurement

Section 13-216 ~~and 17-103~~

Annotated Code of Maryland

(2001 Replacement Volume and 2004 Supplement)

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

**Article – State Finance and Procurement**

13-216.

(a) Except as provided in subsection (b) of this section, a procurement officer may not require a contractor to provide a performance bond, payment bond, or other security on a procurement contract for construction, construction related services, services, or supplies if the price of the procurement contract is ~~\$100,000~~ \$400,000 ~~\$200,000~~ or less.

(b) A procurement officer shall require a contractor to provide a performance bond, payment bond, or other security if federal law or a condition of federal assistance requires the security.

(c) If the price of a procurement contract for construction exceeds ~~\$100,000~~ \$400,000 ~~\$200,000~~, a procurement officer shall require a contractor to provide security as required under Title 17, Subtitle 1 of this article.

(d) ~~(H)~~ A procurement officer may require a contractor, ~~AND EACH SUBCONTRACTOR OF THE CONTRACTOR,~~ to provide a performance bond or other security on a procurement contract for supplies, services, or construction related services if:

~~{(1)}~~ ~~(H)~~ circumstances warrant security; and

~~{(2)}~~ ~~(H)~~ the price of the procurement contract exceeds ~~\$100,000~~ \$400,000 ~~\$200,000~~.