

~~(2) A SUBCONTRACTOR OF A CONTRACTOR MAY SATISFY A REQUIREMENT TO PROVIDE A PERFORMANCE BOND OR OTHER SECURITY UNDER PARAGRAPH (1) OF THIS SUBSECTION BY COMPLYING WITH § 17-103(A)(3) OF THIS ARTICLE.~~

~~17-103.~~

~~(a) (1) Before a public body awards a construction contract exceeding \$100,000 \$400,000, the contractor, AND EACH SUBCONTRACTOR OF THE CONTRACTOR, shall provide payment security and performance security that meet the requirements of § 17-104 of this subtitle.~~

~~(2) The security shall be:~~

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

~~(ii) for payment security, at least 50% of the total amount payable under the contract.~~

~~(3) A SUBCONTRACTOR OF A CONTRACTOR MAY SATISFY THE SECURITY REQUIREMENT UNDER THIS SECTION BY:~~

~~(I) PROVIDING ITS OWN PAYMENT SECURITY AND PERFORMANCE SECURITY; OR~~

~~(II) WITH THE APPROVAL OF THE CONTRACTOR AND ITS SURETY, OBTAINING PAYMENT SECURITY AND PERFORMANCE SECURITY THROUGH THE CONTRACTOR.~~

~~(b) A public body, other than the State or a unit of the State government, may require payment security or performance security for a construction contract if:~~

~~(1) the contract exceeds \$25,000 but does not exceed \$100,000 \$400,000; and~~

~~(2) the amount of the security does not exceed 50% of the contract amount.~~

SECTION 2. AND BE IT FURTHER ENACTED, That the Department of General Services shall report to the Senate Education, Health, and Environmental Affairs Committee and the House Health and Government Operations Committee on or before November 1, 2007, on the implementation of this Act.

SECTION 2. 3. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2005.

May 26, 2005

The Honorable Thomas V. Mike Miller, Jr.
President of the Senate
State House
Annapolis, MD 21401