

CHAPTER 479

(House Bill 1336)

AN ACT concerning

Procurement Law - Bonds

FOR the purpose of altering the threshold dollar amount over which certain procurement contracts require performance, payment, or bid bonds; and providing that certain local governmental entities may require certain bonds when awarding certain construction contracts.

BY repealing and reenacting, with amendments,

Article 21 - Procurement  
Section 3-501, 3-502, 3-503, and 3-504  
Annotated Code of Maryland  
(1981 Replacement Volume and 1983 Supplement)

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

Article 21 - Procurement

3-501.

(a) [Before] EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION, BEFORE any construction contract exceeding [\$25,000] \$50,000 in amount is awarded by the State of Maryland, or by any county, city, municipal corporation, town, board of education, or other political subdivision, public authority, or public instrumentality, or any officer, board, commission, or agency of any of the foregoing, to any person, he shall furnish to the State of Maryland, or to such county, city, municipal corporation, town, or other political subdivision, public authority, or public instrumentality, or to such officer, board, commission, or agency thereof, the following bonds which shall become binding upon the award of the contract to such person, who is hereinafter designated as "contractor":

(1) A performance bond executed by a surety company authorized to do business in this State, or the equivalent in cash, or other security satisfactory to the public body awarding the contract, and in such amount as it shall deem adequate, for the protection of the public body.

(2) A payment bond executed by a surety company authorized to do business in this State, or the equivalent in cash, or other security satisfactory to the public body for the protection of all persons supplying labor and materials, including lessors of equipment to the extent of the fair rental value thereof, to the