

**CHAPTER 636**

**(Senate Bill 675)**

AN ACT concerning

**Procurement - Security for Construction Contracts**

FOR the purpose of altering the threshold dollar amount in a requirement that contractors provide payment security and performance security under certain construction contracts awarded by certain public bodies; altering the threshold dollar amount in a provision authorizing Baltimore City to adopt a program to satisfy certain bonding requirements; requiring that the program provide for a certain minimum level of payment security; and generally relating to required security for construction contracts under the Procurement Law.

BY repealing and reenacting, with amendments,  
Article - State Finance and Procurement  
Section 17-102 and 17-103  
Annotated Code of Maryland  
(1995 Replacement Volume and 1997 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**

17-102.

- (a) This subtitle does not limit the authority of a public body to require performance security in addition to, or in cases other than, those specified under §§ 17-103, 17-104, 17-106, and 17-107 of this subtitle.
- (b) This subtitle applies only to security for a construction contract.
- (c) (1) By ordinance, Baltimore City may provide for a program to satisfy the bonding requirements under §§ 17-103, 17-104, 17-106, and 17-107 of this subtitle with respect to any construction contract:

- (1) (i) that does not exceed [\$100,000] \$200,000; and
- (2) (ii) for which State money is not used.

(2) THE PROGRAM SHALL PROVIDE FOR PAYMENT SECURITY OF AT LEAST 50% OF THE TOTAL AMOUNT PAYABLE UNDER THE CONTRACT.

17-103.

- (a) (1) Before a public body awards a construction contract exceeding [\$50,000] \$100,000, the contractor shall provide payment security and performance security that meet the requirements of § 17-104 of this subtitle.
- (2) The security shall be: