

HOUSE BILL 957

P2

5lr2141

By: **Delegate Wilson**

Introduced and read first time: January 31, 2025

Assigned to: Health and Government Operations and Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **State Procurement – Worker Residency Requirements**

3 FOR the purpose of requiring certain contractors to ensure that a certain percentage of
4 workers on certain projects are State residents and a certain percentage of work
5 hours on the projects are performed by State residents; requiring the Department of
6 Labor to enforce certain worker residency requirements; providing that a person may
7 be debarred from entering into a contract with the State for a certain period of time
8 under certain circumstances; and generally relating to State procurement and
9 worker residency requirements.

10 BY repealing and reenacting, with amendments,
11 Article – State Finance and Procurement
12 Section 16–203 and 17–602
13 Annotated Code of Maryland
14 (2021 Replacement Volume and 2024 Supplement)

15 BY adding to
16 Article – State Finance and Procurement
17 Section 17–6B–01 through 17–6B–05 to be under the new subtitle “Subtitle 6B.
18 Worker Residency Requirements”
19 Annotated Code of Maryland
20 (2021 Replacement Volume and 2024 Supplement)

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

23 **Article – State Finance and Procurement**

24 16–203.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(a) A person may be debarred from entering into a contract with the State if the person, an officer, partner, controlling stockholder or principal of that person, or any other person substantially involved in that person's contracting activities has:

(1) been convicted under the laws of the State, another state or the United States of:

(i) a criminal offense incident to obtaining, attempting to obtain, or performing a public or private contract, except as provided in § 16–202 of this subtitle; or

(ii) fraud, embezzlement, theft, forgery, falsification or destruction of records, or receiving stolen property;

(2) been convicted of a criminal violation of an antitrust statute of the State, another state, or the United States;

(3) been convicted of a violation of the Racketeer Influenced and Corrupt Organization Act, or the Mail Fraud Act, for acts in connection with the submission of bids or proposals for a public or private contract;

(4) been convicted of a violation of § 14–308 of this article;

(5) been convicted of conspiracy to commit any act or omission that would constitute grounds for conviction under any of the laws or statutes described in items (1), (2), (3), or (4) of this subsection;

(6) been convicted of a violation of § 7201, § 7203, § 7205, § 7206, or § 7207 of the Internal Revenue Code;

(7) been convicted of a violation of 18 U.S.C. § 286, § 287, or § 371;

(8) been convicted of a violation of Title 13, Subtitle 7 or Subtitle 10 of the Tax – General Article;

(9) been found to have willfully or knowingly violated Title 17, Subtitle 2 or Title 18 of this article if:

(i) 1. the finding was made by a court; and

2. the decision of the court became final; or

(ii) 1. the finding was made in a contested case under the Administrative Procedure Act; and

2. the finding was not overturned on judicial review;

(10) been found to have willfully or knowingly violated Title 3, Subtitle 3, Subtitle 4, or Subtitle 5 or Title 5 of the Labor and Employment Article if:

(i) 1. the finding was made by a court; and

2. the decision of the court became final; or

(ii) 1. the finding was made in a contested case under the Administrative Procedure Act; and

2. the finding was not overturned on judicial review;

(11) been found civilly liable under an antitrust statute of the State, another state, or the United States for acts or omissions in connection with the submission of bids or proposals for a public or private contract;

(12) been found to have willfully or knowingly violated Title 20, Subtitle 6 of the State Government Article if:

(i) 1. the finding was made by a court; and

2. the decision of the court became final; or

(ii) 1. the finding was made in a contested case under the Administrative Procedure Act; and

2. the finding was not overturned on judicial review; or

(13) been found in a final adjudicated decision to have violated the Commercial Nondiscrimination Policy under Title 19 of this article with regard to a public or private contract.

(b) A person may be debarred from entering into a contract with the State if, during the course of an official investigation or other proceedings, the person, an officer, partner, controlling stockholder or principal of that person, or any other person substantially involved in that person's contracting activities has admitted, in writing or under oath, an act or omission that constitutes grounds for conviction or liability under any law or statute described in subsection (a) of this section.

(c) A person may be debarred from entering into a contract with the State if the person, an officer, partner, controlling stockholder or principal of that person, or any other person substantially involved in that person's contracting activities has been debarred from federal contracts under:

(1) the Federal Acquisition Regulations, as provided in 48 C.F.R. Chapter 1; or

(2) federal Executive Order 11246, as amended due to discriminatory hiring practices in the State.

(d) A person may be debarred from entering into a contract with the State:

(1) if the Board finds that the person was established or operates in a manner designed to evade the application of this title or to defeat the purpose of this title;

(2) if the person is a successor, assignee, subsidiary, or affiliate of a person who is debarred or suspended;

(3) except as provided under item (4) of this subsection, for one of the following violations of a contract provision if the Board believes it to be serious enough to justify debarment:

(i) the deliberate failure, without good cause, to perform in accordance with the specifications, or within the time limit, provided in a contract; or

(ii) within the preceding 5 years, the failure to perform or unsatisfactory performance in accordance with the terms of one or more contracts, unless the failure to perform or unsatisfactory performance was caused by acts beyond the control of the person;

(4) for a period not exceeding 3 years if the person persistently fails to meet contract goals in the absence of mitigating factors under the criteria established under § 14–305(c)(2) of this article;

(5) FOR A PERIOD NOT EXCEEDING 5 YEARS IF THE PERSON IS FOUND TO HAVE VIOLATED THE REQUIREMENTS OF TITLE 17, SUBTITLE 6B OF THIS ARTICLE TWICE IN A 10–YEAR PERIOD;

[(5)] (6) if the person is a competing contractor, or any officer, employee, representative, agent, or consultant of any competing contractor who violates § 13–211 of this article; or

[(6)] (7) for any other cause that the Board determines to be so serious as to affect the integrity of the procurement process.

17–602.

(a) There is a State Apprenticeship Training Fund in the Department.

(b) The Fund consists of:

(1) payments made by contractors or subcontractors in accordance with this subtitle and Subtitle 6A of this title; and

(2) penalties collected as a result of violations of this subtitle and [Subtitle] SUBTITLES 6A AND 6B of this title.

(c) The Fund is a special, nonlapsing fund that is not subject to § 7–302 of this article.

(d) The State Treasurer shall hold the Fund separately, and the Comptroller shall account for the Fund.

(e) The Secretary shall use money in the Fund to:

(1) promote preapprenticeship programs and other workforce development programs in the State’s public secondary schools and community colleges that assist students in preparing for and entering apprenticeship training programs; and

(2) pay any costs associated with carrying out the provisions of this subtitle and [Subtitle] SUBTITLES 6A AND 6B of this title.

SUBTITLE 6B. WORKER RESIDENCY REQUIREMENTS.

17–6B–01.

(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(B) “APPRENTICEABLE HOUR” MEANS 25% OF THE TOTAL OF JOURNEY HOURS PLUS APPRENTICESHIP HOURS.

(C) “APPRENTICESHIP HOUR” MEANS 1 HOUR OF TIME SPENT IN AN APPRENTICESHIP PROGRAM AND MAY INCLUDE OBSERVATION, PERFORMING WORK, OR WORK–RELATED DISCUSSION.

(D) “COVERED LARGE PROJECT” MEANS A STATE–FUNDED PROJECT THAT IS VALUED AT \$5,000,000 OR MORE.

(E) “COVERED SMALL PROJECT” MEANS A STATE–FUNDED PROJECT THAT IS VALUED AT EQUAL TO OR GREATER THAN \$300,000 BUT LESS THAN \$5,000,000.

(F) “DEPARTMENT” MEANS THE MARYLAND DEPARTMENT OF LABOR.

(G) “NEW APPRENTICE” MEANS AN APPRENTICE:

(1) EMPLOYED TO LEARN A SKILLED TRADE THROUGH A REGISTERED APPRENTICESHIP PROGRAM;

(2) WHOSE START DATE OF EMPLOYMENT WITH A COMPANY IS AFTER THE DATE ON WHICH THE STATE CONTRACT IS AWARDED BUT BEFORE OR DURING THE PERFORMANCE OF THE STATE CONTRACT; AND

(3) WHO IS EITHER NEW TO THE COMPANY OR HAS BEEN SEPARATED FROM THE COMPANY FOR AT LEAST 60 DAYS PRIOR TO THE DATE OF HIRE.

(H) "NEW EMPLOYEE" MEANS AN INDIVIDUAL:

(1) WHOSE START DATE OF EMPLOYMENT WITH A COMPANY IS AFTER THE DATE ON WHICH THE STATE CONTRACT IS AWARDED BUT BEFORE OR DURING THE PERFORMANCE OF THE STATE CONTRACT; AND

(2) WHO IS EITHER NEW TO THE COMPANY OR WHO HAS BEEN SEPARATED FROM THE COMPANY FOR AT LEAST 60 DAYS PRIOR TO THE DATE OF HIRE.

(I) "SECRETARY" MEANS THE SECRETARY OF LABOR.

17-6B-02.

THIS SUBTITLE APPLIES ONLY TO CONTRACTORS AWARDED STATE CONTRACTS WITH A TOTAL VALUE EQUAL TO OR GREATER THAN \$500,000 WITHIN THE IMMEDIATELY PRECEDING 12-MONTH PERIOD.

17-6B-03.

(A) A CONTRACTOR THAT IS AWARDED A PROCUREMENT CONTRACT FOR A COVERED SMALL PROJECT SHALL ENSURE THAT, FOR THE APPLICABLE PROJECT:

(1) AT LEAST 51% OF THE TOTAL NUMBER OF NEW EMPLOYEES AND NEW APPRENTICES ARE STATE RESIDENTS; AND

(2) AT LEAST 35% OF APPRENTICESHIP HOURS ARE PERFORMED BY STATE RESIDENTS.

(B) A CONTRACTOR THAT IS AWARDED A PROCUREMENT CONTRACT FOR A COVERED LARGE PROJECT SHALL ENSURE THAT, FOR THE APPLICABLE PROJECT:

(1) AT LEAST 20% OF JOURNEY WORKER HOURS ARE PERFORMED BY STATE RESIDENTS;

1 (2) AT LEAST 51% OF SKILLED WORKER HOURS ARE PERFORMED BY
2 STATE RESIDENTS;

3 (3) AT LEAST 70% OF COMMON LABOR WORKER HOURS ARE
4 PERFORMED BY STATE RESIDENTS;

5 (4) AT LEAST 60% OF APPRENTICESHIP HOURS ARE PERFORMED BY
6 STATE RESIDENTS; AND

7 (5) AT LEAST 35% OF ALL APPRENTICEABLE HOURS ARE PERFORMED
8 BY STATE RESIDENTS.

9 (C) AS A CONDITION OF RECEIVING THE CONTRACT, A CONTRACTOR
10 SUBJECT TO THIS SUBTITLE SHALL PROVIDE TO THE UNIT AND THE DEPARTMENT A
11 STATEMENT ATTESTING THAT THE CONTRACTOR SHALL MEET THE REQUIREMENTS
12 OF THIS SECTION FOR THE APPLICABLE PROJECT.

13 **17-6B-04.**

14 (A) THE SECRETARY MAY ADOPT REGULATIONS AUTHORIZING A
15 CONTRACTOR TO ELECT TO MAKE A CONTRIBUTION TO A REGISTERED
16 APPRENTICESHIP PROGRAM AS AN ALTERNATIVE TO FULFILLING THE
17 REQUIREMENTS OF § 17-6B-03 OF THIS SUBTITLE.

18 (B) THE DEPARTMENT IS RESPONSIBLE FOR ENFORCING THE
19 REQUIREMENTS OF THIS SUBTITLE.

20 (C) WHEN DETERMINING COMPLIANCE WITH THIS SUBTITLE, APPLICABLE
21 PERCENTAGES ESTABLISHED UNDER § 17-6B-03 OF THIS SUBTITLE SHALL BE
22 CALCULATED BY ROUNDING TO THE NEAREST WHOLE NUMBER.

23 **17-6B-05.**

24 (A) A CONTRACTOR THAT FAILS TO MEET THE REQUIREMENTS OF THIS
25 SUBTITLE SHALL BE LIABLE FOR AN AMOUNT EQUAL TO 0.125% OF THE TOTAL
26 DIRECT AND INDIRECT LABOR COSTS OF THE CONTRACT FOR EACH PERCENTAGE
27 POINT BY WHICH THE CONTRACTOR FAILS TO MEET THE APPLICABLE
28 REQUIREMENT.

29 (B) PAYMENTS COLLECTED UNDER THIS SECTION SHALL BE PAID TO:

30 (1) THE STATE APPRENTICESHIP TRAINING FUND ESTABLISHED
31 UNDER § 17-602 OF THIS TITLE; OR

1 **(2) A REGISTERED APPRENTICESHIP PROGRAM OR AN**
2 **ORGANIZATION THAT HAS REGISTERED APPRENTICESHIP PROGRAMS FOR THE**
3 **PURPOSE OF SUPPORTING THESE PROGRAMS.**

4 **(C) THE SECRETARY SHALL ADOPT REGULATIONS TO ESTABLISH**
5 **ADMINISTRATIVE PROCEDURES FOR THE COLLECTION AND DISTRIBUTION OF**
6 **PAYMENTS UNDER THIS SECTION.**

7 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
8 October 1, 2025.