

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 73

(Chair, Health and Government Operations
Committee)(By Request - Departmental - General
Services)

Health and Government Operations

Budget and Taxation

State Finance and Procurement - State Leasing of Real Property

This departmental bill raises the size limit for real property leases exempt from State procurement law from 2,500 square feet to 5,000 square feet. It also decreases the number of days that the Department of General Services (DGS) must advertise a need for the State to rent building space from 30 days to 20 days before proposals for a lease are due. Finally, the bill (1) specifies that newspaper advertisements for leases should be in newspapers with circulation sufficient to provide notice at least to the people of the affected localities and (2) requires that DGS post notifications of the need to lease space on its website and on eMaryland Marketplace (eMM).

Fiscal Summary

State Effect: None. Any change in State activities does not materially affect State finances.

Local Effect: None.

Small Business Effect: DGS has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment.

Analysis

Current Law: In general, DGS must conduct competitive procurements to lease real property for the State. However, this requirement does not apply to (1) intergovernmental

lease transactions; (2) lease transactions involving property located outside the State; (3) emergency leases; (4) lease transactions where the State is the lessor; or (5) lease transactions involving less than 2,500 square feet of property.

For nonexempt lease transactions, DGS must advertise any need to rent building space at least 30 days before proposals for a lease are due. The advertisements must be in daily or weekly newspapers with “circulation sufficient to provide public notice” to people of the State and those of the affected locality at least 30 days before proposals for a lease are due. The law also mandates the review of proposed leases by the Secretary of General Services and the Board of Public Works.

eMM (which has been rebranded as eMaryland Marketplace Advantage), refers to the online procurement system managed by DGS.

Background: DGS advises that the bill expedites procurement for office space and allows the department to better compete with other tenants seeking space in the commercial lease market. Leases of more than 2,500 square feet must go through a competitive process, which takes six to nine months, plus additional time for any construction work necessary before occupancy of the space. As such, agencies are not able to receive the property within the desired timeframe, or agencies risk losing space to other interested parties who are able to move into the space sooner. Increasing the threshold for the amount of space that can be noncompetitively procured from 2,500 square feet to 5,000 square feet is expected to reduce the timeline to three to four months, enabling agencies to occupy needed space more quickly. Additionally, reducing the required advertising period for State rental needs from 30 to 20 days should further expedite the process of identifying and acquiring new spaces.

Several new small agencies and boards, as well as growth from existing agencies, have increased the need for new office space. In fiscal 2024 and 2025, DGS handled more than 20 new lease procurements, a significant increase from the 5 to 7 new lease procurements typical in previous years. The ability to use a noncompetitive lease process for space up to 5,000 feet assists DGS in managing the increased volume of new lease procurements.

eMM, which provides a centralized online platform for agencies to advertise government contracts, has become the primary resource for vendors seeking procurement opportunities with the State. Therefore, requiring each proposed lease to be advertised on the DGS website and eMM, as is current practice, is expected to be an effective way to reach bidders.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: SB 194 (Chair, Budget and Taxation Committee)(By Request - Departmental - General Services) - Budget and Taxation.

Information Source(s): Department of General Services; Department of Legislative Services

Fiscal Note History: First Reader - January 20, 2025
km/mcr Third Reader - March 10, 2025
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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: State Finance and Procurement - State Leasing of Real Property

BILL NUMBER: HB 73

PREPARED BY: Wendy Scott-Napier, Assistant Secretary – DGS, Office of Real Estate

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

 X WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND
SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND
SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

This bill will have no impact on Maryland small businesses.