

Harry Hughes
Governor

House Bill No. 1690

AN ACT concerning

Procurement - Escrow Account for Retained Funds - Department of Transportation

FOR the purpose of establishing an escrow account procedure for retained funds held by State-ageneies certain contracts by a certain State agency under procurement contracts; providing for an escrow agreement form; providing for the investment by the escrow agent of the escrow funds, the earnings of which are to be paid to the contractor; providing for a certain contingency; providing for a delayed effective date; providing for a termination date; and generally relating to escrow accounts for retained funds under procurement contracts.

BY adding to

Article 21 - Procurement
Section 3-1106 under the subtitle "Subtitle 11. Payment of State Obligations"
Annotated Code of Maryland
(1981 Replacement Volume and 1984 Supplement)

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

Article 21 - Procurement

3-1106.

(A) (1) IN A ROAD CONSTRUCTION OR RECONSTRUCTION CONTRACT, IN ORDER TO HAVE RETAINED FUNDS PAID TO AN ESCROW AGENT, AS DEFINED BY THE CONTRACT, A CONTRACTOR, THE CONTRACTOR'S ESCROW AGENT, AND THE CONTRACTOR'S SURETY MUST EXECUTE AN ESCROW AGREEMENT FORM TO BE SUBMITTED TO THE STATE-AGENCY DEPARTMENT OF TRANSPORTATION FOR APPROVAL.

(2) THE ESCROW AGREEMENT FORM SHALL CONTAIN THE COMPLETE ADDRESS OF THE ESCROW AGENT, AS DEFINED BY THE CONTRACT AND SURETY.

(3) THE EXECUTED ESCROW AGREEMENT AUTHORIZES THE STATE--AGENCY DEPARTMENT OF TRANSPORTATION TO MAKE PAYMENT OF RETAINED FUNDS TO THE ESCROW AGENT, AS DEFINED BY THE CONTRACT.