

CHAPTER 449

(House Bill 437)

AN ACT concerning

Procurement - Escrow Accounts for Retained Funds -
Department of Transportation
and Maryland Transportation Authority

FOR the purpose of establishing an escrow account procedure for retained funds held by a certain State agency agencies under certain procurement contracts; providing for an escrow agreement form; providing for the management and disposition of the funds in the escrow account; providing that the use of such an escrow account is at the option of the contractor; providing for a termination date; providing a prospective effect; and generally relating to escrow accounts for retained funds under procurement contracts.

BY adding to

Article - State Finance and Procurement
Section 13-1106
Annotated Code of Maryland
(1985 Volume)

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

Article - State Finance and Procurement

13-1106.

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

(2) (I) THE CONTRACT SHALL DEFINE THE ESCROW AGENT.

(II) THE ESCROW AGREEMENT FORM SHALL CONTAIN THE COMPLETE ADDRESS OF THE ESCROW AGENT AND SURETY.

(3) THE EXECUTED ESCROW AGREEMENT AUTHORIZES THE DEPARTMENT OF TRANSPORTATION OR THE MARYLAND TRANSPORTATION AUTHORITY TO MAKE PAYMENT OF RETAINED FUNDS TO THE ESCROW AGENT.

(B) IF A CONTRACTOR ELECTS TO UTILIZE THE ESCROW ACCOUNT PROCEDURE DESCRIBED IN THIS SECTION, THE CONTRACTOR SHALL INDICATE THE ELECTION IN THE SPACE PROVIDED ON THE PROPOSED