

HOUSE BILL 325

P2, L6
HB 454/21 – HGO

2lr0714
CF SB 250

By: **Delegates D. Barnes, Attar, Charles, Feldmark, Fennell, Guyton, J. Lewis, Luedtke, Palakovich Carr, Patterson, Rose, and Washington**

Introduced and read first time: January 19, 2022

Assigned to: Health and Government Operations

A BILL ENTITLED

1 AN ACT concerning

2 **State and Local Procurement – Payment Practices**

3 FOR the purpose of requiring each county and municipality to adopt a certain policy;
4 altering a State policy regarding the payment of certain funds after receipt of a
5 proper invoice; reducing the number of days following receipt of an invoice after
6 which the State owes interest on unpaid amounts and interest begins to accrue on
7 unpaid amounts; repealing a requirement that a contractor submit an invoice within
8 a certain amount of time in order to receive interest payments; and generally relating
9 to the payment practices of the State and local governments for amounts owed under
10 procurement contracts.

11 BY adding to
12 Article – Local Government
13 Section 1–404
14 Annotated Code of Maryland
15 (2013 Volume and 2021 Supplement)

16 BY repealing and reenacting, with amendments,
17 Article – State Finance and Procurement
18 Section 15–103 through 15–105
19 Annotated Code of Maryland
20 (2021 Replacement Volume)

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

23 **Article – Local Government**

24 **1–404.**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 NOTWITHSTANDING ANY OTHER LAW, EACH COUNTY AND MUNICIPALITY
 2 SHALL ADOPT THE POLICY ESTABLISHED UNDER § 15-103 OF THE STATE FINANCE
 3 AND PROCUREMENT ARTICLE WITH REGARD TO PAYMENT FOR GOODS AND
 4 SERVICES PROCURED BY THE COUNTY OR MUNICIPALITY.

5 **Article – State Finance and Procurement**

6 15-103.

7 It is the policy of the State to make a payment under a procurement contract within
 8 **[30] 15** days:

9 (1) after the day on which the payment becomes due under the
 10 procurement contract; or

11 (2) if later, after the day on which the unit receives an invoice.

12 15-104.

13 (a) Except as provided in § 15-105 of this subtitle, interest shall accrue at the
 14 rate of 9% per annum on any amount that:

15 (1) is due and payable by law and under the written procurement contract;
 16 and

17 (2) remains unpaid more than **[45] 15** days after a unit receives an invoice.

18 (b) Interest shall accrue beginning on the **[31st] 16TH** day after:

19 (1) the day on which payment becomes due under a procurement contract;
 20 or

21 (2) if later, the day on which the unit receives an invoice.

22 15-105.

23 A unit is not liable under § 15-104 of this subtitle for interest:

24 (1) **[unless within 30 days after the date on the State's check for the**
 25 **amount on which the interest accrued, the contractor submits an invoice for the interest;**

26 **(2)]** if a contract claim has been filed under Subtitle 2 of this title;

27 **[(3)] (2)** accruing more than 1 year after the **[31st] 16TH** day after the
 28 unit receives an invoice; or

1 **[(4)] (3)** on an amount that represents unpaid interest.

2 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
3 October 1, 2022.