

**FAVORABLE Support of SB 933/HB 747:  
State and Local Procurement – Payment Practices**

Dear Chairwoman Pendergrass and the Health & Government Operations Committee:

**House Bill 747** shortens the time the State has to make a payment under a procurement contract or after receipt of a proper invoice in 15 days rather than the current policy of 30 days. As a certified small minority business owner in Maryland, I know the immediate impact and great significance this change will make to the validity of the small, minority and disadvantaged business community on a whole.

Altering the current payment schedule to 15 days rather than the current 30 days would greatly benefit small businesses because it removes one of many barriers to growth and stability. **HB 747** completely changes the landscape and helps strengthen the infrastructure of all small businesses, particularly a small minority business such as mine. **HB 747** also follows in the footsteps of the federal government in assuring our business community stays vital by paying its contractors in a timely manner for the goods and services they provide. This legislation will create a fair business practice for Small and Minority Enterprises engaged in procurement contracts with the State. By shortening the time period for payment, SBEs and MBEs will be able to ascertain necessary funds in a reasonable period and request interest on unpaid amounts when applicable. Minority Businesses, particularly micro disadvantaged businesses will gain stability, have better leverage in the marketplace, enjoy some financial relief with the passage of this bill.

**HB 747** just makes great business sense as Minority Businesses need the assurance that our state governing body and its governing agencies is committed to our participation, our inclusion and our success by creating jobs and opportunity while building our great State infrastructure.

Let me be clear. We have been fortunate to do a substantial amount of business with the State of Maryland and its counties and municipalities. In most instances however, governments within the state do not adhere to 30 day payment requirements and the average time from completion of work to payment frequently extends past 60 to 90 days. Some government divisions may also pressure MBEs to complete work before a purchase order is issued so that an invoice can be generated for payment. This practice often guarantees that payment will not be made within the prescribed payment period. Also, by contract, MBEs have no recourse when payments are late and are specifically barred from including the cost of borrowing the funds small business needs to complete a project and make payroll while waiting for payment. It also has a cascading effect on our subcontractors, many of whom are also very small and minority business enterprises registered in the state.

House Bill 747 would go a long way to create growth and expansion -- enabling my Minority Business Enterprise to thrive in Maryland.

**Thus, I urge a favorable report on Senate Bill 933/House Bill 747.**

Respectfully,



Colin Sandy, CEO  
Sandy Audio Visual LLC