



Maryland Municipal League
The Association of Maryland's Cities and Towns

TESTIMONY

March 3, 2020

Committee: House Health and Government Operations

Bill: HB 747 – State and Local Procurement – Payment Practices

Position: Oppose

Reason for Position:

The Maryland Municipal League opposes HB 747 which would shorten the timeframe within which State agencies and local governments must make payments under procurement contracts from 30 days to 15 days after (1) the day on which the payment becomes due or (2) the day on which the agency receives an invoice.

The League appreciates the intent of the bill, understanding that small businesses need our support, but our smaller members are also concerned about potential cash flow issues of their own under this legislation.

Maryland cities and towns already work diligently to process payments to the awardee of procurement contracts. In most cases, this is a simple and quick endeavor. Another one of our concerns lie with construction and other contracts where there is a substantial amount of detail in the invoice that needs to be reviewed and approved by personnel, often in different departments. With the complexities on these types of invoices – in addition to the many duties that personnel have and the possibility of leave time for the project manager – it is not reasonable to expect a 15-day turnaround on all procurement invoices.

Further, the reasons that lead to late payments or those closer to the 30-day mark are not willful. For this reason alone, the bill will not increase compliance with the requirement, but penalize municipalities who fail to meet it's new, more stringent deadline.

The League therefore respectfully requests that this committee provide HB 747 with an unfavorable report.

FOR MORE INFORMATION CONTACT:

1212 West Street, Annapolis, Maryland 21401

410-268-5514 | 800-492-7121 | FAX: 410-268-7004 | www.mdmunicipal.org

Scott A. Hancock
Candace L. Donoho
Bill Jorch
Justin Fiore

Executive Director
Government Relations Specialist
Manager, Government Relations & Research
Manager, Government Relations