



LEGISLATIVE POSITION:

Favorable

Senate Bill 112 - State Finance and Procurement - Grants - Prompt Payment Requirement

House Health and Government Operations Committee

Wednesday, March 22, 2023

Dear Chairwoman Pena-Melnyk and Members of the Committee:

Founded in 1968, the Maryland Chamber of Commerce is the leading voice for business in Maryland. We are a statewide coalition of more than 6,400 members and federated partners working to develop and promote strong public policy that ensures sustained economic health and growth for Maryland businesses, employees, and families.

SB 112 establishes that the State will make payment under specified grant agreements within 30 days of the payment becoming due under the grant agreement. This legislation also specifies that any amount that remains unpaid after 30 days will accrue interest at the rate of 9% per year.

While current law stipulates that the State must pay procurement contract invoices within 30 days of invoice receipt, there are currently no requirements pertaining to the timing of grant payments from the State. For entities relying on such grants, any delay could potentially jeopardize their ability to pay for expenses and force them to independently bankroll the services they provide. For a nonprofit tasked with performing a critical service, this could easily result in less resources being available to carry out their mission and worse outcomes for the communities they are serving.

Many organizations in Maryland have held longstanding concerns over the ability of the State to provide prompt payments and the Chamber supports this effort to hold the State accountable and ensure that the firms, nonprofits, and individuals performing critical work in our state are properly compensated in a timely manner.

For these reasons, the Maryland Chamber of Commerce respectfully requests a **Favorable Report** on **SB 112**.