A BILL ENTITLED

AN ACT concerning

State and Local Procurement – Payment Practices

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

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

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

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

Article – Local Government

1–404.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.
[Brackets] indicate matter deleted from existing law.
Notwithstanding any other law, each county and municipality shall adopt the policy established under § 15–103 of the State Finance and Procurement Article with regard to payment for goods and services procured by the county or municipality.

Article – State Finance and Procurement

15–103.

It is the policy of the State to make a payment under a procurement contract within

[30] 15 days:

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

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

15–104.

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

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

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

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

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

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

15–105.

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

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

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

[(3)] (2) accruing more than 1 year after the [31st] 16TH day after the unit receives an invoice; or
on an amount that represents unpaid interest.

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