SENATE BILL 250

P2, L6 SB 336/21 – EHE

By: Senator Hayes

Introduced and read first time: January 14, 2022 Assigned to: Education, Health, and Environmental Affairs

A BILL ENTITLED

1 AN ACT concerning

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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 $\mathbf{5}$ 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 procurement contracts. 10

- 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.



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NOTWITHSTANDING ANY OTHER LAW, EACH COUNTY AND MUNICIPALITY

 $\mathbf{2}$ SHALL ADOPT THE POLICY ESTABLISHED UNDER § 15–103 OF THE STATE FINANCE 3 AND PROCUREMENT ARTICLE WITH REGARD TO PAYMENT FOR GOODS AND SERVICES PROCURED BY THE COUNTY OR MUNICIPALITY. 4 $\mathbf{5}$ **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 after the day on which the payment becomes due under the (1)10 procurement contract; or 11 (2)if later, after the day on which the unit receives an invoice. 1215 - 104.Except as provided in § 15–105 of this subtitle, interest shall accrue at the 13(a) rate of 9% per annum on any amount that: 14 is due and payable by law and under the written procurement contract; 15(1)16 and 17(2)remains unpaid more than [45] 15 days after a unit receives an invoice. Interest shall accrue beginning on the [31st] 16TH day after: 18 (b) 19 (1)the day on which payment becomes due under a procurement contract; 20or 21(2)if later, the day on which the unit receives an invoice. 2215 - 105.23A 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

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

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