

HOUSE BILL 1154

P2

3lr2705

By: **Delegate D. Barnes**

Introduced and read first time: February 10, 2023

Assigned to: Health and Government Operations

A BILL ENTITLED

1 AN ACT concerning

2 **State Procurement – Payment Practices**

3 FOR the purpose of reducing the number of days following receipt of an invoice after which
4 the State owes interest on unpaid amounts and interest begins to accrue on certain
5 unpaid procurement contract amounts; and generally relating to the payment
6 practices of the State for amounts owed under procurement contracts.

7 BY repealing and reenacting, with amendments,
8 Article – State Finance and Procurement
9 Section 15–103 through 15–105
10 Annotated Code of Maryland
11 (2021 Replacement Volume and 2022 Supplement)

12 BY repealing and reenacting, with amendments,
13 Article – State Finance and Procurement
14 Section 15–104
15 Annotated Code of Maryland
16 (2021 Replacement Volume and 2022 Supplement)
17 (As enacted by Chapter 158 of the Acts of the General Assembly of 2022)

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

20 **Article – State Finance and Procurement**

21 15–103.

22 It is the policy of the State to make a payment under a procurement contract within
23 **[30] 15** days:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

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

4 15–105.

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

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

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

9 (3) accruing more than 1 year after the [31st] **16TH** day after the unit
10 receives an invoice; or

11 (4) on an amount that represents unpaid interest.

12 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read
13 as follows:

14 **Article – State Finance and Procurement**

15 15–104.

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

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

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

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

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

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

25 SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland read
26 as follows:

27 **Article – State Finance and Procurement**

28 15–104.

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

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

5 (2) remains unpaid more than [37] **15** days after a unit receives an invoice.

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

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

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

10 SECTION 4. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall take
11 effect June 1, 2023. It shall remain effective until the taking effect of Section 3 of this Act.
12 If Section 3 of this Act takes effect, Section 2 of this Act, with no further action required by
13 the General Assembly, shall be abrogated and of no further force and effect.

14 SECTION 5. AND BE IT FURTHER ENACTED, That Section 3 of this Act shall take
15 effect June 1, 2023, the effective date of Chapter 158 of the Acts of the General Assembly
16 of 2022. If the effective date of Chapter 158 is amended, Section 3 of this Act shall take
17 effect on the taking effect of Chapter 158.

18 SECTION 6. AND BE IT FURTHER ENACTED, That, subject to the provisions of
19 Sections 4 and 5 of this Act, this Act shall take effect June 1, 2023.