

HOUSE BILL 1478

P2

6lr2768

By: **Delegates Reilly, Adams, Beauchamp, McComas, T. Morgan, Roberson, and Rose**

Introduced and read first time: February 13, 2026

Assigned to: Government, Labor, and Elections

A BILL ENTITLED

1 AN ACT concerning

2 **State Procurement – Prompt Payment of Subcontractors and Suppliers –**
3 **Alteration**

4 FOR the purpose of requiring a contractor to pay a subcontractor or supplier a certain
5 percentage of an undisputed amount to which the subcontractor or supplier is
6 entitled within a certain number of days of receiving payment from the State; and
7 generally relating to the prompt payment of suppliers under State procurement
8 contracts.

9 BY repealing and reenacting, without amendments,
10 Article – State Finance and Procurement
11 Section 15–226(a)
12 Annotated Code of Maryland
13 (2021 Replacement Volume and 2025 Supplement)

14 BY repealing and reenacting, with amendments,
15 Article – State Finance and Procurement
16 Section 15–226(c)
17 Annotated Code of Maryland
18 (2021 Replacement Volume and 2025 Supplement)

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

21 **Article – State Finance and Procurement**

22 15–226.

23 (a) (1) In this section the following words have the meanings indicated.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (2) “Supplier” means a person that has supplied labor or materials to a
2 contractor in the prosecution of work provided for in a State procurement contract.

3 (3) “Undisputed amount” means an amount owed by a contractor to a
4 subcontractor or supplier for which there is no good faith dispute, including any retainage
5 withheld.

6 (c) (1) A contractor shall pay a subcontractor or supplier **AT LEAST 95% OF**
7 an undisputed amount to which the subcontractor or supplier is entitled within 10 days of
8 receiving a progress or final payment from the State.

9 (2) If a contractor withholds payment from a subcontractor or supplier,
10 within the time period in which payment normally would be made, the contractor shall:

11 (i) notify the subcontractor or supplier in writing and state the
12 reason why payment is being withheld; and

13 (ii) provide a copy of the notice to the procurement officer.

14 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
15 1, 2026.