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SB 933

February 27, 2020

TO: Members of the Education, Health, & Environmental Affairs Committee
FROM: Matthew Stegman, Deputy Director of Government Relations
RE: SENATE BILL 933 - State & Local Procurement – Payment Practices

POSITION: LETTER OF INFORMATION

Chairman Pinsky, Vice-Chairman Kagan and Members of the Committee, the Baltimore City Administration (BCA) wishes to provide information about potential challenges City agencies could face with implementing Senate Bill (SB) 933.

SB 933 alters state policy to make the payment of an invoice under a procurement contract due 15 days after receipt of the invoice. Current policy requires payment within 30 days. The bill would further require that each county and municipality to adopt a payment policy consistent with the state policy.

The Baltimore City Code requires payment of invoices within 30 days of receipt.¹ Upon receipt of an invoice, a review process is triggered before payment is made. Invoices received by the Baltimore City Department of Public Works (DPW), for example, are reviewed and work inspected to verify performance level and adherence to contract specifications before payment can be made. DPW advises that a 15-day deadline for payment would only 10 days for review and approval of invoices, which is not sufficient for larger or more complex projects or for consulting contracts where supporting documents must be inspected. Such a time constraint would pose a significant financial and personnel burden on the agency.

The BCA asks that the committee give consideration to the potential impact on local government’s ability to review invoices prior to payment as you deliberate on SB 933.

¹ See, FINANCE AND PROCUREMENT ART. 5, § 37-2