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Finance Committee



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THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

February 17, 2021

**Testimony of Senator Antonio Hayes in Support of HB 454:
State and Local Procurement Payment Practices**

Chairwoman Pendergrass and Members of the Health and Government Operations Committee,

The state of Maryland hires many contractors each year to complete state funded projects. Millions of dollars are paid to small businesses and enterprises to build roads and schools, fund public transportation vehicles, and much more. However, payment can often be a lengthy process that can have a detrimental impact on fiscal stability of these small business enterprises.

House Bill 454 shortens the time the State has to make a payment under a procurement contract or after receipt of a proper invoice from 30 days to 15 days, at which time it will owe interest on unpaid amounts. It also repeals the requirement that a contractor must submit an invoice within a certain amount of time to receive such interest payments. Unpaid amounts owed by the State affect small businesses' ability to make payroll, and hasty interest payments incentivize the state to pay businesses within a timely manner. It is only fair that contractors are paid for the work they complete, and therefore this bill supports the financial needs of small businesses so they can thrive in Maryland.

This bill also eliminates the requirement for contractors to submit an invoice in a certain time frame in order to receive payment from the state. The State can use this invoice deadline as an excuse to avoid paying contractors in a timely manner, which discourages small businesses in Maryland from working with the state.

Through the COVID-19 pandemic, we have seen the importance of our small businesses and how greatly they have been affected by the pandemic. We should be proactive in helping to meet the needs of our small businesses and assist them in building positive relationships with the State of Maryland. We should do what we can to support the fiscal stability of our small businesses who need an advocate in these unprecedented times.

Though the passage of this bill, the business community will be fairly compensated for state projects in a timely manner. The hard work of these men and women that we have entrusted to work on behalf of the State of Maryland should be rewarded in a timely manner.

I urge a favorable report on House Bill 454.

Respectfully,



Senator Antonio L. Hayes
40th Legislative District - MD