

February , 2021

**Written Testimony in Support of  
HB 0454 / SB 0366 - State and Local Procurement - Payment Practices**

**Stephanie Carter Bagley, Small Business Owner (MBE/WBE)**

Dear Chairwoman Pendergrass and Members of the Health and Government Operations Committee:

**House Bill 454** shortens the time the State has to make a payment under a procurement contract or after receipt of a proper invoice in 15 days rather than the current policy of 30 days.

I am Stephanie Carter Bagley, the Founder and President of SCB Management Solutions, Inc. SCB is a Maryland Department of Transportation (MDOT) certified Small Minority and Woman-owned business enterprise (MBE/WBE) and management consulting firm providing project and program management, system implementation management, strategic planning and other professional services to the State of Maryland, City of Baltimore, and other federal, state and local agencies. The majority of our business to date with the State, is as a subcontractor. However, we are positioning ourselves for growth and actively pursuing opportunities as a prime contractor.

As a certified Small Business owner in Maryland and subcontractor on several engagements, I know first-hand the immediate financial impact that HB 454 will make to the small, minority and disadvantaged business community as a whole. HB 454 helps strengthen the financial infrastructure of all small businesses, particularly a small minority business such as mine.

First, there is an immediate trickle-down effect, i.e., when our prime contractors are paid by the state in a more timely manner, we in are paid sooner. Additionally, as a prime contractor, as soon as we get paid, we can then pay our subcontractors. Second, the decrease in our account receivable cycle decreases our need for Working Capital. For those of us new, small businesses, without significant reserves, access to and the cost of, Working Capital instruments such as Lines of Credit can be significant. For some small and disadvantaged businesses, lack of Working Capital is a barrier to entry or keeps a business from being a going concern. Finally and critically, the overall financial strength of a company, including outstanding accounts receivable and liability balances, is often considered when pursuing state contracts.

Senate Bill 336 will create a fair business practice, strengthen small businesses, and decrease some of the barriers for becoming a prime contractor. As the data shows, small businesses are an essential economic engine in our state, supporting this bill will contribute to small business' success in growing the Maryland economy and creating jobs. Now, more than ever, HB 454 would create growth and expansion, enabling my Minority Business Enterprise, and so many others like mine, to thrive in Maryland.

**Thus, I urge favorable support on House Bill 454.**

Respectfully,

Stephanie Bagley