

DELEGATE DR. DARRYL BARNES
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DEPUTY MAJORITY WHIP

Ways and Means Committee

Finance Resources Subcommittee
Revenues Subcommittee

Chair

Legislative Black Caucus of Maryland



The Maryland House of Delegates
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THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

February 15, 2021

Testimony of Delegate Darryl Barnes

RE: In Support of HB 454

State and Local Procurement Practices

Dear Chairman Pinsky and Members of the Education, Health and Environmental Affairs Committee,

Each year, the State of Maryland hires contractors to complete projects that are funded by state dollars. Currently, state agencies have 30 days in which it will begin accruing interest on a unpaid contract.

Senate Bill 336 shortens the time in which state agencies Maryland has to make a payment under a procurement contract or after receipt of a proper invoice from 30 days to 15 days, in which it will accrue 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 reasonable that contractors are to be paid for the work they complete in a timely manner, and therefore this bill protects and supports the financial interests of small businesses so they can thrive in Maryland, even more so as we still navigate through the challenges of the pandemic.

In addition to this, 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.

This is particularly of more significance to small businesses who may not have a large line of credit and depend on timely payment for invoices. This bill will offer that opportunity to streamline and expedite the invoice payments to small businesses.

We have seen the importance of our small businesses and how greatly our constituents have been impacted by the pandemic. This is merely a proactive step in helping to meet the needs of our small businesses and assist them in building positive relationships with the State of Maryland. It is my aim to continue to do what we can to support the financial stability of our small businesses that need legislative intervention during these unprecedented times.

Passing this legislation would allow the business community to be compensated for state projects they complete in a timely manner. This bill would improve the integrity of contract relationships across State of Maryland and supports the financial interests of our small business community.

For all these reasons, **I urge a favorable report on Senate Bill 336.**

In Solidarity,

Darryl Barnes

Delegate Darryl Barnes
Delegate, District 25
Chairman, Legislative Black Caucus of Maryland