



Carrington & Associates, LLC

"Continuing A Tradition of Excellence"

HB 454 State and Local Procurement - Payment Practices - SUPPORT

Carrington & Associates, LLC SUPPORTS HB454. This bill shortens the timeframe within which State agencies must make payments under procurement contracts from 30 days to 15 days after (1) the day on which the payment becomes due or (2) the day on which the agency receives an invoice. It makes conforming changes to other provisions, including those regarding the accrual of interest on unpaid balances. The bill requires counties and municipalities to adopt payment policies consistent with the State's requirements.

We would like to thank Delegate Darryl Barnes for re-introducing this legislation and his steadfast commitment to assisting businesses, large and small, in achieving and sustaining success. This bill addresses a major issue for small, minority and women-owned businesses that contract with units of state and local government; getting paid in a timely manner. As a small business owner, our firm is humbled and honored to serve our government through the procurement and contracting process. We are very proud to have the necessary components in place to serve the needs our government clients, hopefully beyond their expectations. Unfortunately, with the current timeframe for getting contracts back from units of government, having a purchase order number generated, submitting invoices and waiting for payment is untenable for many small business owners. Again, our firm welcomes the opportunity to contract with our units of government, however, more has to be done so that business owners can have better predictability as to when their contracts will be approved and payment processed. It is not uncommon to hear stories from small business owners that have waited up to 3 months after initiating work with a unit of government to receive the actual contract for the work that the firm is performing. Please be mindful that the 30–45-day payment window does not begin until the vendor has a ratified contract and purchase order number back from the unit of government. In the case of business that has waited 3 months for their contract, it could be another 6 weeks, or more, before a payment is processed for the work they have been performing on behalf of that unit of government. Very few businesses, of any size, can cover payroll and expenses for 4-5 months while they wait for payment.

While we are sympathetic to the challenges units of government have stated in their opposition to this legislation in the past with regards to their decentralized procurement systems, the COVID-19 pandemic has shown all of us how we can use electronic communications to speed up processes and create better efficiencies. We see no reason why the use of technology cannot assist these entities in complying with the letter and spirit of this important legislation.

For these reasons, Carrington & Associates, LLC enthusiastically supports HB454 and asks for your FAVORABLE report.