



Peter Franchot
Comptroller

TESTIMONY OF COMPTROLLER PETER FRANCHOT

Support - House Bill 552 - State Finance and Procurement - Retention Proceeds
Health and Government Operations Committee
February 15, 2022

Chair Pendergrass, Vice Chair Pena-Melnyk, and members of the Committee, it is my pleasure to provide testimony in **support of House Bill 552 - State Finance and Procurement - Retention Proceeds**. I would like to thank Delegate Adams for sponsoring this important legislation, and the Committee for providing the opportunity for my testimony to be heard.

Small businesses often operate on small margins, making consistent cash flow critical to their success. Timely payment to small businesses is another crucial aspect of ensuring they can continue to operate effectively. House Bill 552 aids in that regard by requiring payment of undisputed retainage upon substantial completion of a project. Undisputed retainage terms can be negotiated under initial contracts, protecting the State's interests. Our small businesses in Maryland bring significant benefits to the state, and encouraging expedited payments by passing House Bill 552 will help them thrive.

For the reasons stated above, I respectfully request a favorable report for House Bill 386. Thank you for your time and consideration.

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