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OFFICE OF THE SECRETARY

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**BILL:** **House Bill 325**  
State and Local Procurement – Payment Practices

**COMMITTEE:** House Health and Government Operations

**DATE:** February 15, 2022

**POSITION:** Letter of Information

Upon review of House Bill 325 – State and Local Procurement – Payment Practices, the Department of General Services (DGS) provides these comments for your consideration.

Under House Bill 325, the days that DGS must make a payment under a procurement contract is reduced from 30 days to 15 days. According to the State's Accounting Manual, DGS currently has 25 days out of the 30 days to process an invoice. The five remaining days are for the Comptroller to process payment.

Reducing the time to pay invoices from 30 to 15 days would have a significant operational and fiscal impact on the DGS Office of Fiscal Services. DGS would require **five additional full-time positions** to fulfill the requirements of House Bill 325. DGS estimates that the cost of these additional positions to be **\$300,260 in FY 2023** and rise to **\$425,806 in FY 2027**.

House Bill 325 would have significant operational impact on the Office of State Procurement. Current contracts generally require payment within 30 days. As written, this bill would require DGS to modify each contract that contains these terms to reflect the changes under this bill. There are thousands of contracts within DGS's custody. Additionally, procurement templates containing current payment terms would have to be modified.

For additional information, contact Ellen Robertson at 410-260-2908.

