



MARYLAND STATE TREASURER
Dereck E. Davis

Written Testimony of State Treasurer Dereck E. Davis

House Bill 325 – State and Local Procurement – Payment Practices

Position: Favorable

Before House Health and Government Operations Committee

February 15, 2022

House Bill 325, among other provisions, shortens from 30 days to 15 days the timeframe within which a State agency must make payments under procurement contracts. Agencies must make the payments within 15 days after the day payment becomes due or, if later, the day the agency receives the invoice.

As a member of the Board of Public Works, I recognize the problem that House Bill 325 addresses and appreciate the steps that the bill takes to mitigate it. For contractors who undertake in good faith to work as prime contractors or subcontractors for the State, delayed payments could force them to rely on their own limited resources or undertake significant debt in order to start a project. I strongly believe that this inequitable situation presents a disincentive for small companies who might otherwise seek to compete for public work. In this way, the longer timeframe negatively affects both contractors and taxpayers.

As a smaller agency, the State Treasurer's Office processes relatively fewer invoices and payments at any one time – factors that make it possible for us to meet the timeline proposed in the bill.

Accordingly, I respectfully urge a favorable report on House Bill 325. If you have any questions or would like more information, please feel free to reach out to me (ddavis@treasurer.state.md.us) and Laura Atas, Deputy Treasurer for Public Policy (latas@treasurer.state.md.us).