



NFIB-Maryland – 60 West St., Suite 101 – Annapolis, MD 21401 – www.NFIB.com/Maryland

TO: House Health and Government Operations Committee

FROM: NFIB – Maryland

DATE: February 15, 2022

RE: **SUPPORT HOUSE BILL 552** – State Finance and Procurement – Retention Proceeds

Founded in 1943, NFIB is the voice of small business, advocating on behalf of America's small and independent business owners, both in Washington, D.C., and in all 50 state capitals. With more than 250,000 members nationwide, and nearly 4,000 here in Maryland, we work to protect and promote the ability of our members to grow and operate their business.

On behalf of Maryland's small businesses, NFIB supports House Bill 552 – legislation that requires the payment of any retainage provided there is no dispute.

For contractors, particularly those bidding on state projects, cash is the life blood of their business. Contractors must put up cash for various items related to a contract – materials, sub-contractors, equipment rental, etc. The current limitations simply do not match the needs of the industry especially given the realities of the current economy. Distributors are requiring more up front from contractors as supplies are limited because of supply line disruptions brought about by the COVID-19 pandemic.

HB552 still protects the State. Agencies and units of government will still be able to settle contract disputes. Further, they will be able to withhold whatever amount in excess of retainage they deem necessary to protect themselves.

For these reasons, **NFIB supports HB552**. This bill is a positive step in helping small businesses increase their cash flow and bid more contracts. NFIB-Maryland requests a favorable committee report.