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The Maryland House of Delegates
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Testimony of Delegate Dana Stein in Support of House Bill 451 - State Finance and Procurement - Grants - Prompt Payment Requirement

Madam Chair and Madam Vice Chair and Members of the House and Government Operations Committee:

Nonprofits operate under grant agreements with the State to provide a wide range of important services. Yet nonprofits must pay attention to cash flow and finances just like any business. Late payments under grants and contracts can pose a serious challenge for many nonprofits, especially for those without significant reserves. A 2020 survey by Maryland Nonprofits of over 700 organizations found that 45% had less than 60 days cash reserve, and a third had less than 30 days.

Under current law, State procurement contracts are required to be paid promptly (within 30 days). This practice goes back to the 1980s. Unfortunately, there is no provision for the timing of payment of state grants. Additionally, there are parameters for procurement invoicing, but there is nothing in the statute or regulation regarding the invoice process for state grant agreements.

At the request of the [Maryland Efficient Grant Application \(MEGA\) Council](#), which was established in 2020 to create a “common application” for grants, HB 451 would **require payment parity** for small businesses and nonprofits.

Nonprofits provide essential services, especially to vulnerable Marylanders. We must do everything we can to ensure that they are able to serve our communities and carry out their missions.

I urge a favorable report on HB 451.