



House Bill 325

State and Local Procurement – Payment Practices

MACo Position: **OPPOSE**

To: Health and Government Operations
Committee

Date: February 15, 2022

From: Brianna January

The Maryland Association of Counties (MACo) **OPPOSES** HB 325. The bill mandates a series of timing and procedural requirements onto both state and local procurement units – many of which are poor fits for local government practices and would result in additional and unnecessary expense at a time when local governments should not be forced to divert resources away from more immediate needs like public health and safety.

HB 325 would require that counties change their procurement policies to issue payment to vendors within 15 days. Current law allows counties up to 30 days and many need that time to ensure all policies and procedures are met before an invoice is submitted for payment. As these laws require balancing between “get it done correctly” versus “get it done quickly,” counties fear that HB 325 would skew toward more error – a dangerous risk to take when dealing with taxpayer money.

Local government expenditures would increase significantly to adapt to the new mandate. Counties have necessary controls in place to ensure verification is complete and the correct payment is remitted to vendors. Often, invoices are reviewed by several different departments within the county. Counties may not be able to achieve invoice payment under the reduced timeframe and many would have to add significant resources to their procurement and finance divisions in the form of new employees to issue all payments within 15 days. This would be an operational challenge in addition to a financial one, as counties face ongoing challenges around hiring and retaining qualified staff during the “Great Resignation.” Additionally, counties would incur unfair interest costs under HB 325 if they cannot meet the unreasonably shortened timeframe imposed by the bill.

HB 325 would reduce the timeframe county procurement offices have to remit payment to vendors from 30 days to 15 days. This would have a considerable impact on county procurement operations and require significant expenditures, possibly diverting much needed resources away from other essential local government services. Accordingly, MACo **OPPOSES** the bill and urges the Committee to issue an **UNFAVORABLE** report on HB 325.