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### Testimony on Senate Bill 112

#### **State Finance and Procurement – Grants – Prompt Payment Requirement House Health and Government Operations Committee**

#### **Position: Favorable**

Maryland Nonprofits is a statewide association of more than 5400 nonprofit organizations and institutions. **We urge you to support Senate Bill 112, that as amended by the Senate is identical to the amended House Bill 328 that your committee and the full House have already passed unanimously.** Both bills will provide in essence that nonprofits delivering state services the same security for prompt payment that is already in law and regulation for procurement contracts.

Our ‘prompt pay’ laws, and the regulations that set standards for review of invoices, do not apply to the reimbursable grant agreements that are used with most state grants for the provision of health, education or social services by nonprofits.

Nonprofits in Maryland continually face delays in payments on grants or contracts that may extend many months. Additionally, they may need to wait several months for an initial payment on a program with considerable start-up costs.

Payment delays make participation in government programs even more difficult for service providers, particularly disadvantaging smaller and younger nonprofits often led by people of color, that are less likely to have any substantial reserves.

We urge a Favorable Report on Senate Bill 112



*Maryland Nonprofits' mission is to strengthen organizations and networks for greater quality of life and equity.*