



Wes Moore, Governor · Aruna Miller, Lt. Governor · Atif Chaudhry, Acting Secretary

BILL: House Bill 1154
State and Local Procurement – Payment Practices

COMMITTEE: House Health and Government Operations

DATE: March 6, 2023

POSITION: Letter of Concern

Upon review of House Bill 1154 – State and Local Procurement – Payment Practices, the Department of General Services (DGS) provides these comments for your consideration.

Under Senate Bill, the days that DGS must make a payment under a procurement contract is reduced from 30 days to 15 days. According to the State’s Accounting Manual, DGS currently has 25 days out of the 30 days to process an invoice. The five remaining days are for the Comptroller to process payment.

Reducing the time to pay invoices from 30 to 15 days would have a significant operational and fiscal impact on the DGS Office of Fiscal Services. DGS would require **seven (7) additional full-time positions** to fulfill the requirements of House Bill 1154. DGS estimates that the cost of these additional positions to be **\$503,942 in FY 2024** and rise to **\$753,746 in FY 2028**.

House Bill 1154 would have significant operational impact on the Office of State Procurement. Current contracts generally require payment within 30 days. As written, this bill would require DGS to modify each contract that contains these terms to reflect the changes under this bill. There are thousands of contracts within DGS’s custody. Additionally, procurement templates containing current payment terms would have to be modified.

For additional information, contact Ellen Robertson at 410-260-2908.