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MARYLAND ASPHALT ASSOCIATION



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January 24, 2024

Senator Guy Guzzone, Chair
Senate Budget and Taxation Committee
3 West, Miller Senate Office Building
Annapolis, MD 21401

RE: SB 183 – FAVORABLE WITH AMENDMENTS – State Procurement – Prompt Payment of Suppliers

Dear Chair Guzzone and Members of the Committee:

The Maryland Asphalt Association (MAA) is comprised of 19 producer members representing more than 48 production facilities, 25 contractor members, 25 consulting engineer firms and 41 other associate members. MAA works proactively with regulatory agencies to represent the interests of the asphalt industry both in the writing and interpretation of state and federal regulations that may affect our members. We also advocate for adequate state and federal funding for Maryland's multimodal transportation system.

Senate Bill 183 defines suppliers and would require contractors and subcontractors to promptly pay suppliers any undisputed amount that is owed. We appreciate the Sponsor introducing this legislation but have concerns as it relates to the relationship, or lack thereof, between a prime contractor and a supplier. Often, a prime contractor has no relationship with a supplier—suppliers work directly with subcontractors and never meet or have agreements with a prime contractor. This legislation would result in wide sweeping liability to the prime contractor when it should not. We have drafted what we believe to be a friendly amendment to solve this problem. By removing subcontractor from the definition of supplier and adding "prime" to contractor, this establishes that suppliers shall be promptly paid by the prime contractor when they have a direct relationship with each other. Please see the language below. We have also attached the amendment language on Page 2.

(2) "SUPPLIER" MEANS A PERSON THAT HAS SUPPLIED LABOR OR MATERIALS TO A PRIME CONTRACTOR [OR SUBCONTRACTOR] IN THE PROSECUTION OF WORK PROVIDED FOR IN A STATE PROCUREMENT CONTRACT.

We appreciate you taking the time to consider our amendment on Senate Bill 183.

Sincerely,

Tim E. Smith, P.E.
President
Maryland Asphalt Association

AMENDMENT TO SENATE BILL 183

Page 1, Line 19: Add “prime” before contractor and strike “or subcontractor”

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