

BILL: **House Bill 342**
State Procurement - Prompt Payment of Suppliers

COMMITTEE: House Health and Government Operations

DATE: January 30, 2024

POSITION: Support

Upon review of House Bill 342 - State Procurement - Prompt Payment of Suppliers, the Maryland Department of General Services (DGS) provides these comments for your consideration.

House Bill 342 requires contractors and subcontractors on State contracts to promptly pay “suppliers” any undisputed amount that is owed. The bill adds “suppliers” to the State’s statutory prompt payment requirements and defines a “supplier” as a person that has supplied labor or materials to a contractor or subcontractor while in the process of providing work on a State procurement contract.

The State’s policy for work under a State procurement is that the contractor must promptly pay a subcontractor any undisputed amount to which the subcontractor is entitled. Subcontractors must also promptly pay any undisputed amount to lower tier subcontractors. Undisputed amounts must be paid by contractors (or subcontractors to lower tier subcontractors) within 10 days of receiving a payment from the State. Included in State law are procedures for resolution of disputes between subcontractors and contractors when a contractor or subcontractor fails to pay undisputed amounts promptly. House Bill 342 adds “suppliers” to this framework.

DGS supports passage of House Bill 342 and encourages a favorable report.

For additional information, contact Ellen Robertson at Ellen.Robertson@maryland.gov or 410-260-2908 or Lisa Nissley at Lisa.Nissley1@maryland.gov or 410-260-2922.