

CHRISTOPHER T. ADAMS
Legislative District 37B
Caroline, Dorchester, Talbot,
and Wicomico Counties

Economic Matters Committee

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and Commercial Law
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Eastern Shore Delegation



The Maryland House of Delegates
6 Bladen Street, Room 405
Annapolis, Maryland 21401
410-841-3343 · 301-858-3343
800-492-7122 Ext. 3343
Christopher.Adams@house.state.md.us

THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

HB 1166

State Finance and Procurement-Retention Proceeds

- ***Why is the Bill being introduced?***

While Maryland Statute defines retention proceeds, this bill is being introduced for the purpose of requiring that certain retainage proceeds be paid within a certain period of time after the Date of Substantial Completion. Retainage proceeds are monies withheld and contractors can often go months or longer before receiving undisputed retention proceeds.

- ***What does the Bill do?***

The bill defines in Statute that retention proceeds, that are not disputed by the owner, must be paid within 90 days of Substantial Completion.

- ***Why is it important to pass now?***

This bill supports the good business practice that work is to be paid in full in a timely fashion. Also, the bill respects the legislative intent behind protecting the owner from incomplete work or lack of quality workmanship. By passing this bill, only those undisputed amounts are subject to the new revisions.