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February 25, 2026

Legislative Position: Favorable with Amendments  
Senate Bill 671  
Procurement Contracts and Construction Contracts - Payments  
Senate Budget & Taxation Committee

Dear Chair Guzzone and members of the committee:

Founded in 1967, the American Subcontractors Association of Baltimore (ASAB) promotes the rights and interests of subcontractors in the commercial construction industry. Through advocacy, education, networking, and professional development, ASAB works to advance fair construction practices and a balanced allocation of risk across the industry.

ASA Baltimore represents subcontractors throughout Maryland who perform the specialized work that brings construction projects to completion. Our membership includes both union and non-union contractors, and this initiative is supported across that spectrum. Regardless of labor affiliation, subcontractors operate on tight margins, front significant labor and material costs, and rely on timely payment to sustain their businesses.

SB 671 strengthens Maryland's prompt payment framework in ways that directly benefit subcontractors. By clarifying payment requirements, expanding protections, and requiring written notice when payment is withheld, including the specific reason and amount, the bill increases transparency and reduces unnecessary disputes. Clear communication allows issues to be addressed quickly and keeps projects on track.

The bill also improves cash flow certainty by mandating interest on late payments that cannot be waived by contract, creating a meaningful incentive for timely payment. Faster payment allows subcontractors to meet payroll, pay suppliers, preserve bonding capacity, and reinvest in workforce development and equipment. Reliable cash flow strengthens small businesses and supports a stable construction workforce across Maryland.

Finally, SB 671 protects a contractor's right to suspend performance for nonpayment after proper notice. Under current law, subcontractors often have little practical leverage when payment is delayed, and interest alone cannot immediately resolve the immediate financial strain. The bill ensures that subcontractors who suspend work in accordance with the statute are not declared in default. **However, we would like to see SB 671 amended to reflect this important protection extended to contracts with the State, not just in private contracts.** Adding these protections to the State Finance and Procurement article presents a balanced approach that preserves the ability to dispute legitimate issues while preventing subcontractors from financing projects indefinitely at their own expense. This amendment is also seen as friendly by other supporters of the bill.

**President**  
Casie Pellegrini  
Clearsite Industrial

**Vice President**  
Justin Hedding  
Diversified Safety Services

**Secretary**  
Sean Kirwan  
Bonding Advisory



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For subcontractors, union and non-union alike, timely payment is essential. SB 671 promotes transparency, fairness, and financial stability in Maryland's construction industry. ASA Baltimore respectfully urges a favorable report with the suggested amendments.

Sincerely,

Warren Quinn  
Executive Director  
American Subcontractors Association of Baltimore

**President**  
Casie Pellegrini  
Clearsite Industrial

**Vice President**  
Justin Hedding  
Diversified Safety Services

**Secretary**  
Sean Kirwan  
Bonding Advisory