



**Maryland Joint
Legislative Committee**

February 25, 2026

The Voice of Merit Construction

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TO: BUDGET AND TAXATION COMMITTEE

FROM: ASSOCIATED BUILDERS AND CONTRACTORS

RE: S.B. 671-PROCUREMENT CONTRACTS AND CONSTRUCTION
CONTRACTS- PAYMENTS

POSITION: FAVORABLE WITH AMENDMENTS

Chair and Members of the Senate Budget and Taxation Committee,

The Associated Builders and Contractors of Maryland appreciates the opportunity to support **SB 671** which is before you today for consideration. The members of ABC believe in the tenets of free enterprise, investing in their workforce and giving back to the communities in which they live, work and play

SB 671 represents an important and necessary step toward strengthening Maryland's procurement system and protecting contractors and subcontractors who perform work on public projects. Timely and predictable payment is not merely an administrative issue—it is essential to maintaining a healthy construction industry, supporting small and minority-owned businesses, and ensuring that public projects remain on schedule and within budget.

Too often, contractors and subcontractors—particularly small firms—face serious financial strain due to delayed payments or insufficient explanation when funds are withheld. **SB 671** provides clear standards by:

- Requiring timely payment of undisputed amounts
- Mandating written notice with reasonable specificity when payments are withheld
- Establishing meaningful interest penalties for late payments
- Extending these protections to projects involving local government owners

These provisions create fairness, transparency, and accountability in public contracting. The 2% monthly interest provision ensures that





payment obligations are taken seriously and discourages unnecessary delay, while the written notice requirement promotes communication and dispute resolution before problems escalate.

Prompt payment laws are especially critical for small businesses that operate with tight cash flow margins. When payments are delayed, it can jeopardize payroll, supplier relationships, bonding capacity, and future project participation. By strengthening enforcement mechanisms and clarifying rights and remedies, **SB 671** supports economic stability across Maryland's construction sector.

Public entities should model best practices in contracting. Ensuring that those who build and maintain our public infrastructure are paid fairly and on time is both fiscally responsible and ethically sound.

For these reasons, I respectfully urge the Committee to issue a favorable report on **SB 671**.

Thank you for your consideration.

Matt Teffeau
Director of Government Affairs

