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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:

Established in 1950, the Associated Utility Contractors of Maryland, Inc. (AUC) is dedicated to advancing the utility contracting industry across the state. Our mission is to foster strong relationships between utility contractors and their clients, uphold the highest professional standards within the industry, and elevate the reputation of utility professionals within the business community. We actively advocate for public policies that address industry challenges and contribute to improving Maryland's overall business environment.

AUC represents contractors across Maryland who build and maintain the critical utility infrastructure that supports our communities. Our membership includes both union and non-union firms performing highly specialized work in the public and private sectors. Regardless of labor affiliation, utility contractors operate in a capital-intensive environment, advancing payroll, equipment, and material costs long before payment is received. Predictable and timely payment is therefore essential to maintaining operations and workforce stability.

Senate Bill 671 makes meaningful improvements to Maryland's prompt payment laws. By requiring written notice when payment is withheld, including the specific amount and reason, the legislation promotes transparency and reduces avoidable disputes. Clear standards and communication help resolve issues more efficiently, minimize project disruptions, and ensure all parties understand their obligations.

The bill also reinforces timely payment by requiring interest on late payments that cannot be contractually waived. This provision creates a practical incentive for compliance and provides greater certainty for contractors managing tight margins. Reliable cash flow enables utility contractors to meet payroll obligations, pay suppliers, maintain bonding capacity, and invest in workforce development and equipment. Strengthening payment protections ultimately supports small and mid-sized businesses and helps sustain a skilled construction workforce throughout the State.

Importantly, SB 671 affirms a contractor's right to suspend work for nonpayment after proper notice and protects those exercising that right from being deemed in default. Under existing law, contractors often have limited recourse when payments are delayed, and statutory interest alone, while a great step, will not alleviate immediate financial strain.

However, AUC respectfully requests an amendment to extend this protection to contracts with the State by incorporating similar language into the State Finance and Procurement Article. Applying these provisions uniformly would create a balanced framework, preserving the ability to dispute legitimate claims while ensuring contractors are not required to finance public projects indefinitely. We understand this amendment is viewed as consistent with the bill's intent and acceptable to other supporters.

For Maryland's utility contractors, prompt payment is not simply a contractual matter; it is fundamental to business viability. Senate Bill 671 advances fairness, accountability, and financial stability in the construction industry.

For these reasons, the Associated Utility Contractors of Maryland respectfully urge a favorable report on Senate Bill 671 with the proposed amendment.

Sincerely,

The Associated Utility Contractors of Maryland (AUC)