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March 24, 2026

Legislative Position: Favorable
House Bill 954
State Finance and Procurement - Retention Proceeds
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 is pleased to support HB 954. This legislation would require that undisputed retention proceeds retained by a unit or a contractor under a State procurement contract be paid within 90 days after the date of substantial completion.

As stated in the fiscal note, the current practice of withholding retainage can cause cash flow problems for subcontractors. By requiring payment of undisputed retention proceeds before final completion, this bill will allow subcontractors to be paid their retainage much earlier, which will help alleviate cash flow issues.

AUC supports HB 954 and encourages a **favorable report**. We believe that this bill will have a positive impact on the construction industry in Maryland and we look forward to working with the committee on future bills to help contractors get paid on time.

Sincerely,

The Associated Utility Contractors of Maryland (AUC)