



Senator Guy Guzzone, Chair
Senate Budget and Taxation Committee
3 West Miller Office Building
Annapolis, MD 21401

February 24, 2026

RE: SB 609 – Favorable with Amendments – State Finance and Procurement – Retention Proceeds

Dear Chair Wells and Members of the Committee:

The Maryland Asphalt Association (MAA) represents approximately 110+ members, including 20 material producers, contractors, engineering firms, and associate members, supporting a 7,000-person workforce. MAA actively collaborates with regulatory agencies to advocate for the asphalt industry, ensuring fair regulations at both the state and federal levels. Additionally, we support adequate funding for Maryland's multimodal transportation system.

Senate Bill 609 would require that undisputed retention proceeds retained under a State procurement contract be paid within 90 days after the date of substantial completion. This bill is a positive step toward improving payment practices for contractors engaged in state-funded construction projects.

While MAA supports the intent of SB 609, we respectfully request an **amendment to shorten the proposed payment window from 90 days to 60 days**. A 60-day timeframe better aligns with industry practice and the cash flow realities of contractors, particularly small and mid-sized firms that do not have extended capital reserves. A reduced payment window would:

- Improve cash flow for contractors and subcontractors once substantial completion is achieved;
- Reduce financing costs associated with retention holdbacks, which often must be funded through lines of credit;
- Encourage timely project close-out and final invoicing; and
- Provide consistency with other prompt payment standards in the construction industry.

Adopting a 60-day requirement strikes an appropriate balance between administrative review by the procurement unit and the contractor's need for timely access to earned funds.

Sincerely,

Tim E. Smith, P.E.
President
Maryland Asphalt Association