



Delegate Kriselda Valderrama, Chair  
House Economic Matters Committee  
230 Taylor House Office Building  
Annapolis, MD 21401

March 31, 2026

**RE: SB 881 – UNFAVORABLE – Commercial Financing – Small Business Truth in Lending Act**

Dear Chair Valderrama 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.

MAA respectfully opposes SB 881 because, as currently written, it would have an extensive impact on our members. Captive commercial equipment finance is a business-to-business tool tied directly to the financing of equipment, secured by the equipment itself, not a cash-loan product. It features clear, upfront terms and underwriting aligned with equipment value, depreciation, and duty cycles. Captive finance is fundamentally different from the high-cost, opaque financing models SB 881 is intended to address.

Maryland’s off-road and heavy equipment users operate on seasonal and project-driven cycles. Captive finance provides practical options, seasonal/skip payments, step or balloon structures, and project-aligned terms, that match real cash flow. This flexibility helps small and mid-sized contractors, farmers, and public works suppliers avoid downtime, preserve working capital, and meet schedules that impact roads, bridges, utilities, and site work across the state.

As drafted, SB 881 would require significant systems, legal, and process changes for captive finance organizations. That will increase costs, reduce flexibility, and slow approvals, directly affecting dealers, contractors, and project schedules. For smaller firms, delays and higher costs can mean missed bids, lost jobs, or deferred equipment purchases.

Therefore, we respectfully request the following amendment to the bill:

**“Any entity principally engaged in making commercial financing products in connection with the purchase or lease of products manufactured or distributed by its direct or indirect parent company or any direct or indirect subsidiary thereof; or any purchase money obligation as defined in Section 9-103 of the Uniform Commercial Code.”**



Several other states, including Virginia have added a similar provision to their law to provide for this exemption. We respectfully ask that if the Committee plans to pass this legislation that you consider adding this amendment. We thank you for your time.

Sincerely,

A handwritten signature in black ink that reads 'Tim Smith'.

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