

March 27, 2026

Dear Members of the Maryland General Assembly,

The undersigned organizations write in opposition to **SB 881/HB 1007** as currently drafted, and respectfully urge the General Assembly to adopt a targeted amendment exempting manufacturer-supported heavy equipment financing from the bill's disclosure requirements.

SB 881/HB 1007 seeks to increase transparency in commercial financing by requiring uniform APR disclosures. We support the bill's stated goal of protecting small & minority-owned businesses from predatory lenders. However, the bill as written does not distinguish between merchant cash advance products and the heavy equipment financing programs that Maryland's small contractors, trucking companies, construction firms, and service providers depend on every day.

The businesses most at risk are Maryland's small contractors, many of them minority-owned. Roughly **one in three** captive equipment finance customers fall into this category. These are businesses that cannot secure appropriately structured financing from traditional lenders. Manufacturer-supported heavy equipment financing fills that gap, by offering seasonal payment schedules, deferred payments, and project-aligned terms that match how these businesses actually operate.

More than **80 percent** of these customers also bundle extended warranties and service contracts into their financing at the point of sale. This is not a luxury; it is how small contractors manage unpredictable repair costs and protect their ability to meet project deadlines. A breakdown without coverage can mean a missed contract, a laid-off crew, or a business that does not recover. The bill as written would eliminate the ability to offer these bundled solutions.

Applying consumer-style APR formulas to heavy equipment financing does not improve transparency for these borrowers. Seasonal structures, deferred payments, and project-aligned terms cannot be accurately expressed through standardized APR calculations. In practice, forcing these disclosures would make the most flexible and suitable financing options appear more expensive on paper than conventional loans — misleading, not protecting, the small businesses the bill intends to serve.

Of the 11 states that have adopted similar commercial financing disclosure legislation, nine — **Virginia, Utah, Georgia, Florida, Connecticut, Tennessee, Missouri, Colorado, and Illinois** — implemented narrower, more targeted definitions with clear exemptions for equipment financing. By learning from earlier experiences elsewhere, these states avoided unintended consequences for heavy equipment lending and preserved access to capital and flexibility for small and medium-sized businesses that rely on and off-road heavy equipment. **Maryland should follow their lead.**

If Maryland does not adopt this exemption, Maryland contractors will be competing against businesses in Virginia, Georgia, Florida, and other states that retain access to flexible, bundled equipment financing. That is a direct competitive disadvantage for Maryland's small businesses.

We respectfully request that the General Assembly amend SB 881/HB 1007 to exempt:

**“Any entity principally engaged in the business of 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.”**

**“Any purchase money obligation as defined in the Section 9-103 of the uniform Commercial Code”**

While statutes vary by state, nine have adopted provisions that achieve this same exemption in practice. This language preserves the bill's transparency objectives while protecting the equipment financing Maryland's small and minority-owned contractors depend on.

We appreciate your consideration and urge your support for this amendment.

Respectfully submitted:

Maryland Transportation Builders & Materials Association (MTBMA)  
Maryland Chapter, Associated General Contractors of America (MDAGC)  
Maryland Motor Truck Association  
ABC of Metro Washington  
Maryland Asphalt Association  
Associated Utility Contractors of Maryland (AUC of MD)  
Maryland Hispanic Chamber of Commerce (MDHCC)  
Maryland Automobile Dealers Association (MADA) (representing medium & heavy truck dealers)