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March 31, 2026

Legislative Position: Favorable with Amendments Senate Bill 881

Financial Institutions and Activities - Licensing Requirements and Regulation of Commercial Financing
House Economic Matters Committee

Dear Chair Valderrama 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 supports the bill's goal of increasing transparency and protecting small and minority-owned businesses from predatory lending. However, as drafted, SB 881 does not distinguish between high-risk financing products and manufacturer-supported heavy equipment financing that is essential to Maryland's utility and construction contractors.

Our members, depend on flexible equipment financing to operate. These arrangements often include seasonal payment schedules, deferred payments, and bundled warranties and service agreements that help contractors manage costs and avoid project delays. Applying standardized APR disclosure requirements to these products would not improve transparency; instead, it risks misrepresenting their true cost and discouraging their use.

Other states have addressed this issue by adopting clear exemptions for equipment financing after early implementation challenges. Without a similar fix, Maryland contractors may face a competitive disadvantage compared to those in neighboring states.

To address these concerns, AUC urges the Committee to adopt amendments exempting:

- Manufacturer-supported financing tied to the purchase or lease of equipment; and

- Purchase money obligations as defined under Section 9-103 of the Uniform Commercial Code.

These changes will preserve the bill's intent while ensuring contractors maintain access to critical financing tools.

For these reasons, AUC respectfully requests a **favorable report with amendments** on SB 881.

Sincerely,

The Associated Utility Contractors of Maryland (AUC)