

Department of Legislative Services
Maryland General Assembly
2020 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 894 (Delegate Crosby)
Health and Government Operations

State Procurement - Microbusiness Payment Pilot Program

This bill establishes the Microbusiness Payment Pilot Program to expedite payments to microbusinesses under a State procurement contract made by or on behalf of the Historic St. Mary’s City Commission or St. Mary’s College of Maryland. A “microbusiness” is defined as an entity that has 15 or fewer full-time equivalent employees while it is under a procurement contract subject to the program. The program requires that procurement units make payments to microbusinesses subject to the program within seven days of when the payment is due under a contract. **The bill terminates September 30, 2025.**

Fiscal Summary

State Effect: Expediting payments under the pilot program likely creates administrative inefficiencies for agencies with affected contracts. As the bill does not alter the provisions governing accrual of interest on unpaid balances, agencies likely do not incur additional interest penalties if they are unable to provide payments to eligible microbusinesses within seven days. No effect on revenues.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: It is the policy of the State to make a payment under a procurement contract within 30 days (1) after the day on which the payment becomes due under a procurement contract or (2) if later, after the day on which the unit receives an invoice. Interest accrues

at the rate of 9% per year on unpaid balances after either 45 days or 30 days, depending on the type of payment that is due.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Governor's Office; Department of General Services; Department of Legislative Services

Fiscal Note History: First Reader - March 1, 2020
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