

# SENATE BILL 336

P2, L6  
SB 933/20 – EHE

(PRE-FILED)

11r0613  
CF 11r0604

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By: **Senator Hayes**

Requested: September 22, 2020

Introduced and read first time: January 13, 2021

Assigned to: Education, Health, and Environmental Affairs

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## A BILL ENTITLED

1 AN ACT concerning

2 **State and Local Procurement – Payment Practices**

3 FOR the purpose of altering a State policy regarding the payment of certain funds after  
4 receipt of a proper invoice; requiring each county and municipality to adopt a certain  
5 policy; reducing the number of days following receipt of an invoice after which the  
6 State owes interest on unpaid amounts and interest begins to accrue on unpaid  
7 amounts; repealing a requirement that a contractor submit an invoice within a  
8 certain amount of time in order to receive interest payments; and generally relating  
9 to the payment practices of the State and local governments for amounts owed under  
10 procurement contracts.

11 BY repealing and reenacting, with amendments,  
12 Article – State Finance and Procurement  
13 Section 15–103 through 15–105  
14 Annotated Code of Maryland  
15 (2015 Replacement Volume and 2020 Supplement)

16 BY adding to  
17 Article – Local Government  
18 Section 1–404  
19 Annotated Code of Maryland  
20 (2013 Volume and 2020 Supplement)

21 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
22 That the Laws of Maryland read as follows:

23 **Article – State Finance and Procurement**

24 15–103.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 It is the policy of the State to make a payment under a procurement contract within  
2 ~~[30]~~ **15** days:

3 (1) after the day on which the payment becomes due under the  
4 procurement contract; or

5 (2) if later, after the day on which the unit receives an invoice.

6 15–104.

7 (a) Except as provided in § 15–105 of this subtitle, interest shall accrue at the  
8 rate of 9% per annum on any amount that:

9 (1) is due and payable by law and under the written procurement contract;  
10 and

11 (2) remains unpaid more than ~~[45]~~ **15** days after a unit receives an invoice.

12 (b) Interest shall accrue beginning on the ~~[31st]~~ **16TH** day after:

13 (1) the day on which payment becomes due under a procurement contract;  
14 or

15 (2) if later, the day on which the unit receives an invoice.

16 15–105.

17 A unit is not liable under § 15–104 of this subtitle for interest:

18 ~~[(1)]~~ (1) unless within 30 days after the date on the State's check for the amount  
19 on which the interest accrued, the contractor submits an invoice for the interest;

20 ~~[(2)]~~ (1) if a contract claim has been filed under Subtitle 2 of this title;

21 ~~[(3)]~~ (2) accruing more than 1 year after the ~~[31st]~~ **16TH** day after the  
22 unit receives an invoice; or

23 ~~[(4)]~~ (3) on an amount that represents unpaid interest.

24 **Article – Local Government**

25 **1–404.**

26 **NOTWITHSTANDING ANY OTHER LAW, EACH COUNTY AND MUNICIPALITY**  
27 **SHALL ADOPT THE POLICY ESTABLISHED UNDER § 15–103 OF THE STATE FINANCE**  
28 **AND PROCUREMENT ARTICLE WITH REGARD TO PAYMENT FOR GOODS AND**

1 **SERVICES PROCURED BY THE COUNTY OR MUNICIPALITY.**

2           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
3 October 1, 2021.