



March 3, 2020

Madame Chair Pendergrass, Madame Vice Chair Pena-Melnyk and Members of the House  
Health and Government Operations Committee  
House Health and Government Operations Committee  
Room 241  
House Office Building  
Annapolis, Maryland 21401

**Re: HB 747 State and Local Procurement - Payment Practices**

Dear Madame Chair Pendergrass, Madame Vice Chair Pena-Melnyk and Members of the House  
Health and Government Operations Committee:

On behalf of the City of Gaithersburg, I am writing to convey our opposition to HB 747, which  
would shorten the timeframe within which the State and Maryland's Counties and Municipalities  
must make payments under procurement contracts from 30 days to 15 days after, (1) the day on  
which the payment becomes due or (2) the day on which the agency receives an invoice. It also  
makes changes to the accrual of interest on unpaid balances.

The City of Gaithersburg operates under a decentralized procurement system; individual  
Departments are responsible for purchasing those goods and services required to perform their  
functions. As such, once the Procurement Division creates the purchasing order, the majority of  
invoices are reviewed by the Contracting Department and then sent to the Finance Division for  
payment. This system is intended to ensure a thorough and consistent invoice review process for  
all of our contracts, regardless of the scope and length of a project.

As such, the reduction from 30 to 15 days is not a reasonable timeframe for the invoicing process  
under the City's procurement system. Furthermore, the decrease could lead to approving  
invoicing errors or non-compliance with other contract provisions, both of which could negatively  
impact a municipality's future procurement activities. Finally, HB 747 unduly pressures local  
governments, many of which are short staffed with small budgets, working hard to meet the  
current 30 day policy.

**For these reasons, the City of Gaithersburg urges an unfavorable report for HB 747.**

Please do not hesitate to contact me with any questions or concerns. You may also contact the  
Legislative Affairs Manager for the City of Gaithersburg, Jessica Kwasny. She can be reached at  
[jess.kwasny@gaithersburgmd.gov](mailto:jess.kwasny@gaithersburgmd.gov) or 301.805.1090.

Sincerely,

Jud Ashman  
Mayor

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