

August 4, 2008

**RE: Prompt Payment Policy Directive Issued by Governor O'Malley**

Dear Friends,

I am pleased to inform you that Governor O'Malley, through the Governor's Office of Minority Affairs (GOMA), has issued a Prompt Payment Directive to ensure timely payment for all subcontractors, including small and minority business enterprises who participate on State projects.

**What Does This Mean for Small and Minority Businesses?** Untimely payment of subcontractors is a re-occurring concern for small and minority businesses. As small business owners, minority business leaders, legislators, and others who are on the front lines advocating for fair treatment of small and minority firms, you know all too well the impact payment disputes have on small businesses, especially MBEs. Payment disputes top the list of the most frequent complaints GOMA receives from MBEs who work as tier two and three subcontractors on State projects.

This Prompt Payment Directive provides specific remedies for Cabinet Level Agencies that, effective immediately, are authorized to include provisions in solicitations and contract documents that sets forth guidelines requiring prime contractors to remit timely payment to subcontractors for work performed. This directive also empowers agencies to ensure that subcontractors listed on contract participation schedules are receiving compensation and it requires agencies to notify GOMA of all subcontractor payment complaints. State Procurement Law currently contains a prompt payment requirement that applies to construction related contracts. This directive applies to all other State procurement contracts in excess of \$25,000 thereby effectively giving prompt payment protection to all State contracts and procurements.

To assist small and minority businesses who encounter prompt payment issues when working on State contracts, GOMA has developed an informational Guide to Prompt Payment for Non-Construction Subcontractors. To view or download a copy, [click here](#). We invite and encourage all parties who serve small and minority firms, to share this information with their members and constituents.

Efforts such as this "prompt payment" policy directive are just one example of the O'Malley-Brown Administration's progress towards ensuring greater inclusion and fair treatment for Maryland's small and minority businesses. Maryland's small and minority business laws and support of policy initiatives like "prompt payment" are unprecedented anywhere else in the country. It is our expectation that this will bring much needed relief to small and minority firms who contribute to the base for Maryland's middle class and help sustain our economy.

The O'Malley-Brown Administration continues to strengthen its commitment to the success of Maryland's small and minority businesses; as well as promoting inclusion initiatives that will enhance the vision of *One Maryland*.

Sincerely,

Luwanda W. Jenkins, Special Secretary  
Governor's Office of Minority Affairs