

WILLIAM DONALD SCHAEFER, Governor

Agency heads to pay their bills on time, and I assigned to Budget Secretary Charles Benton the responsibility of assuring that my instructions were implemented. I am pleased to report that we have now reduced the rate of overdue payments to 2%, and I hope that further improvement can still be made.

In view of the strong efforts we have made to address this problem, I believe that the current 10% interest rate is adequate compensation to vendors whose invoices are not paid on time. The 10% rate exceeds by more than 3 points the coupon rate on General Obligation Bonds issued by the State. It exceeds by one percentage point the rate paid by the Federal Government on overpayments of individual income taxes. The 10% rate is generally representative of current market conditions.

For the above reasons, I have decided to veto House Bill 10.

Sincerely,
William Donald Schaefer
Governor

House Bill No. 10

AN ACT concerning

Procurement Contracts - Prompt Payment - Calculation of Interest

FOR the purpose of altering the rate of interest applicable to certain amounts due and payable under procurement contracts that remain unpaid for a certain period of time; and providing for a delayed effective date.

BY repealing and reenacting, with amendments,

Article - State Finance and Procurement
Section 15-104
Annotated Code of Maryland
(1985 Volume and 1987 Supplement)
(As enacted by Chapter _____ (H.B. 1) of the
Acts of the General Assembly of 1988)

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

Article - State Finance and Procurement

15-104.