

**CHAPTER 621**  
**(House Bill 600)**

AN ACT concerning

**Procurement - Construction Contracts - ~~Progress Payments~~ Prompt Payment**

FOR the purpose of ~~requiring that a construction contract requiring a primary procurement unit to make progress payments meet certain requirements; requiring that certain progress payments be made at least every month; limiting the percentage of certain progress payments that may be retained by a primary procurement unit under certain circumstances; requiring that certain money retained by a primary procurement unit be held in a certain account; requiring a primary procurement unit to pay certain money within a certain time period after final acceptance of work required under a construction contract together with interest accrued on the money; requiring a contractor, upon receipt of certain money retained by a primary procurement unit, to pay certain money to a subcontractor together with interest accrued on the money; limiting the percentage of certain payments due to a subcontractor that may be retained by a contractor; limiting the percentage of certain payments due to a subcontractor that may be retained by another subcontractor~~ limiting the retainage that may be specified in a State procurement contract for construction under certain circumstances; authorizing a primary procurement unit to withhold payments from a contractor in addition to retainage for certain purposes; restricting the amount that a contractor may withhold from a subcontractor; restricting the amount that a subcontractor may withhold from a lower tier subcontractor; providing that certain restrictions may not be construed to restrict the withholding of certain amounts in addition to retainage based on certain determinations; modifying provisions relating to the prompt payment of subcontractors and the resolution of certain payment disputes; requiring that a State procurement contract for construction include a certain provision relating to prompt payment of subcontractors at any tier; expanding the availability of certain escrow provisions relating to retainage in connection with State construction contracts; requiring that interest on escrowed money be handled in a specified manner; restricting the availability of the escrow provisions on contracts funded with tax exempt financing; defining certain terms; providing for the application and construction of this Act; and generally relating to State procurement ~~and progress payments~~ contracts for construction and prompt payment and retainage issues.

BY adding to

Article - State Finance and Procurement

Section 13-225

Annotated Code of Maryland

(1995 Replacement Volume and 1999 Supplement)