

(2) At the time of final payment, the [transportation] unit shall direct the escrow agent to settle the escrow account by distributing money in the escrow account in the following order:

(i) to the [transportation] unit for any claim it may have against the contractor under the procurement contract;

(ii) unless waived by the Board, to the Comptroller for any claim exceeding \$50 against the contractor by the State, a unit, or a State controlled governmental entity; and

(iii) to the contractor.

15-226.

(a) In this section, "undisputed amount" means an amount owed by a contractor to a subcontractor for which there is no good faith dispute, including any retainage withheld.

(b) It is the policy of the State that, FOR WORK UNDER A STATE PROCUREMENT CONTRACT FOR CONSTRUCTION:

(1) a contractor shall promptly pay to a subcontractor any undisputed amount to which the subcontractor is entitled [for work under a State procurement contract for construction]; AND

(2) A SUBCONTRACTOR SHALL PROMPTLY PAY TO A LOWER TIER SUBCONTRACTOR ANY UNDISPUTED AMOUNT TO WHICH THE LOWER TIER SUBCONTRACTOR IS ENTITLED.

(c) (1) A contractor shall pay a subcontractor an undisputed amount to which the subcontractor is entitled within 10 days of receiving a progress or final payment from the State.

(2) If a contractor withholds payment from a subcontractor, within the time period in which payment normally would be made, the contractor shall:

(i) notify the subcontractor in writing and state the reason why payment is being withheld; and

(ii) provide a copy of the notice to the procurement officer.

(d) (1) If a subcontractor does not receive a payment within the required time period, the subcontractor may give written notice of the nonpayment to the procurement officer.

(2) The notice shall:

(i) indicate the name of the contractor, the project under which the dispute exists, and the amount in dispute;

(ii) provide an itemized description on which the amount is based; and