



Subcontractor Protections HB 325 / SB 250

Subcontractors and their employees who live and work in your district depend on a steady cash flow to remain viable. One of the major hindrances to positive cash flow is when an owner or general contractor holds retainage beyond a reasonable period of time. HB 325/SB 250 will address this unfair practice and provide an important protection for their businesses.

Subcontractors are in the business of building construction and should not be required to finance construction projects in whole or in part. Yet to the extent that funds are being retained, the subcontractor is providing at least part of the project financing. Funds should be retained only if and when necessary to provide assurances that a job will be completed.

HB 325 / SB 250 is vitally important to construction subcontractors. Often the subcontractors' overhead and profit are tied up in **Retainage**. Slow payment after work is properly completed and billed is a significant drain on any subcontractor's ability to continue in business and is devastating to a small, minority or disadvantaged business.

This Legislative Body passed a law in 2019 that requires payment of Retainage in 90 days on all private work. It stands to reason that the State should be held to the same standard of payment as private industry.

ACE welcomes the opportunity to have an on-going dialogue with the State of Maryland to address these issues on a regular basis so that your subcontractor constituents can thrive and the state will become an owner of choice for all citizens in Maryland.

Who is ACE – the Alliance for Construction Excellence?

- National Electrical Contractors Association (NECA) – Annandale Virginia
- Mechanical Contractors Association of Metropolitan Washington (MCA)
- American Subcontractors Association of Metro Washington (ASA)
- Mechanical Contractors Association, Inc. (MCA)
- Iron Workers Employers Association of VA, MD, and D.C. (IWEA)
- Mid-Atlantic Chapter - Sheet Metal and Air Conditioning Contractors' National Association (SMACNA)

Please visit our Website <http://allianceforconstructionexcellence.com/>

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