



**Maryland Joint
Legislative Committee**

The Voice of Merit Construction

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TO: HEALTH AND GOVERNMENT OPERATIONS COMMITTEE
FROM: ASSOCIATED BUILDERS AND CONTRACTOR
RE: H.B. 552 STATE FINANCE AND PROCUREMENT – RETENTION PROCEEDS
POSITION: SUPPORT

Associated Builders and Contractors (ABC) supports H.B. 552 which is before you today for consideration.

The Bill relates to payment of amounts held by the State at the end of a project. It only applies to amounts that are undisputed.

The Bill applies at the point where the project has reached substantial completion, which means the State has the use of the building for the purpose it was intended. At substantial completion, the only work left on a construction project is punch-list work, or minor cleanup and repair work.

By this time in the project, the State has held back 5% of the entire contract price as retention – an amount that is usually well in excess of the value of the remaining punch list work.

Within the 90-day time period called out in the Bill, a contractor will almost always have the punch-list work completed. And since the Bill only requires payment of “undisputed retention proceeds” if there is a dispute, or punch-list work incomplete, there is no risk that release of the undisputed money will leave the State short of the funds it might require to complete the work.

The Bill simply requires payment to contractors of the substantial amount of contract funds earned but withheld by the State within a fixed, reasonable period of time.

On behalf of the over 1,500 ABC members in Maryland, we respectfully request a favorable report on H.B. 552.

Marcus Jackson, Director
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