



Maryland Chapter
National Electrical Contractors Association



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Dear Chair Pendergrass and members of the House Health and Government Operations Committee:

On behalf of the Maryland Chapter of the National Electrical Contractors Association (NECA), I write today to express our strong support for House Bill 552, requiring State procurement contracts be paid within 90 days after the date of substantial completion.

Maryland NECA represents 75 construction contractors, some 2,000 workers and over 400 working apprentices. Our economic footprint throughout the region is substantial, generating some \$300 million in annual revenue, and some \$50 million in state, federal and local taxes each and every year.

Maryland NECA strongly support House Bill 552 because one of the many challenges that contractors in the construction industry face is the inability to be paid in a timely manner after substantial completion of a project. Too often, subcontractors are left waiting for months, and in some cases, years, until they are paid for a project they've already completed, even after having fulfilled their obligation of the contract with their customer or a prime contractor.

While the contractor waits to be paid for services rendered, their obligation to pay their vendors for material, their employees for their labor, and the cost of overhead for an office and warehouse is demanded in a timely basis. This means the contractor is left operating with a massive deficit, especially when the payment owed is worth hundreds of thousands, if not million of dollars. Both small and large contractors face this dilemma every day, and waiting for large sums of owed money means the contractor is unable to not just pay themselves, but also fund additional projects for them to bid and work on.

While morally reprehensible, it's not unheard of for customers and low-road prime contractors to purposefully hold money owed to a subcontractor so that they can "negotiate" better terms for the services already rendered. Unfortunately, this leaves contractors left to decide if it's worth years of legal battle to be awarded the money their rightfully owed; or, to take a lesser fee to at least cover the cost and keep their business afloat.

House Bill 552 is critical for the members of NECA by making sure that they are paid what they're owed and in a timely manner. For these reasons, Maryland NECA supports House Bill 552 and asks for a favorable report.

Sincerely,

William Yull
Executive Director
Maryland Chapter, NECA