



Subcontractor Protections HB 552

The Alliance for Construction Excellence would like to provide input on potential barriers that may affect minority, women and disadvantaged businesses from being more active in contracting opportunities with the State of Maryland. We offer the following specific concerns:

CASH FLOW is the number one concern affecting small businesses. A subcontractor, for example, who performs base contract work the first week of December typically does not see payment until the end of January or the beginning of February. And if that subcontractor is second tier then one to two weeks are added to the duration. If the costs expended the first week of December, for example, are for a “price and proceed” change order, then payment would not be received until 8 weeks after the cost proposal is submitted, approved, formally issued, signed and billed – many months after the work is performed. Maryland can improve the cash flow of small businesses in the following way:

- **HB 552** offers additional protections to subcontractors. The General Contractor is currently obligated to pay subcontractors within 7 days of receipt of payment from the owner. By requiring state and municipalities to make payment within 15 days after receipt of an invoice, you are freeing Subcontractors from having to finance construction as they are now.

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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