



PLUMBERS LOCAL UNION NO. 5

UNITED ASSOCIATION OF JOURNEYMEN AND APPRENTICES OF THE PLUMBING AND PIPE FITTING INDUSTRY OF THE UNITED STATES AND CANADA, AFL-CIO

4755 Walden Ln. Lanham, MD 20706 • 301-899-7861 (T) • 301-899-7868 (F)



TESTIMONY OF TERRIEA "T" SMALLS
BUSINESS MANAGER AND FINANCIAL SECRETARY / TREASURER
UA PLUMBERS & GASFITTERS LOCAL 5

HB1097 - STATE AND PRIVATE CONSTRUCTION CONTRACTS – PROMPT
PAYMENT REQUIREMENTS

FAVORABLE

Dear Chair Wilson and honorable members of the House Economic Matters Committee:

On behalf of the UA Plumbers & Gasfitters Local 5, our over 1,700 members and 300 apprentices and their families, I write today to thank Delegate Valderrama for sponsoring HB1097, and to ask the committee for a favorable committee report.

This bill is simple, and makes a lot of sense in providing predictability and stability in the economic systems that drive construction projects. By prohibiting "pay-if-paid clauses" from construction contracts, and requiring "prompt payment" within 60 days, the bill prevents the current shift of payment liability, from the Owner, who is most able to pay, downstream to Prime (general contractors) or upper-tier Subs, and further downstream to lower-tier Subs, who are least able to pay.

Just last year, our neighboring Virginia passed the almost identical bill, on a bi-partisan basis, uniting labor and management, unions and non-union contractors, Democrats and Republicans. These include a number of prominent trade associations, representing thousands of workers and hundreds of contractors, including:

- Associated Builders and Contractors (ABC VA)
- Alliance for Construction Excellence (ACE)
- American Subcontractors Association (ASA)
- Hampton Roads Utility and Heavy Contractors Association (HRUHCA)
- Heavy Construction Contractors Association (HCCA)
- Iron Workers Employers Association (IWEA)
- Old Dominion Highway Contractors Association (ODHCA)
- National Electrical Contractors Association (NECA) – Atlantic Coast Chapter



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- Precast Concrete Association of Virginia (PCAV)
- Sheet Metal and Air Conditioning Contractors Association (SMACNA) – Mid-Atlantic Chapter
- Richmond Area Municipal Contractors Association (RAMCA)
- Virginia Asphalt Association (VAA)

In addition to the hundreds of contractors and many trade associations who supported Virginia's almost identical SB550, Maryland's HB1097 has the support of hundreds of local contractors, a very small representation of whom include:

- ADJ Sheet Metal
- A.G. Prada Company Inc.
- American Combustion Industries, Inc.
- AMS of Maryland
- Boland
- BPI
- C.V. Carlson Company, Inc.
- Caigeann Mechanical Co., Inc.
- CARRIER
- Chapelle Mechanical Services, LLC
- Comfort Control
- Craddock Mechanical
- Crane Service Company, Inc.
- Critical Systems Service
- Crockett Facilities Services, Inc.
- CRW Mechanical
- Densel Company, Inc.
- EMCOR Services Combustioneer
- EMCOR Service CES- Special Building Operations
- EMCOR Government Services
- Facility Engineering Services Corp
- First Call Plumbing, Inc.
- Gaghan Mechanical, Inc.
- General & Mechanical Services, LLC
- G&M Services LLC
- H & D Mechanical, LLC
- HARRIS
- Havtech Service, LLC



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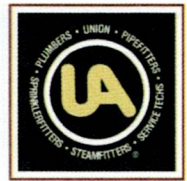
- Heffron Company, Inc
- High Purity Systems, Inc.
- Honeywell International, Inc
- Innovative Mechanical Systems
- Interstate Service Company, Inc.
- J & L Mavilia, Inc.
- James J. Madden, Inc.
- John C. Grimberg CO., Inc.
- Johnson Controls, Inc.
- Journeyman Mechanical Contractors, Inc.
- JPG Plumbing & Mechanical Services, Inc.
- Kelly HVAC, Inc.
- Kent Island Mechanical
- Kirlin Design Build
- Kocharian and Company, Inc.
- Limbach Inc.
- M & M Welding and Fabricators, Inc.
- MECCO, Inc.
- Mechanical Systems, Inc.
- Metro Test & Balance, Inc.
- Norair Engineering
- NAC Mechanical Services
- Paramount Mechanical Corporation
- Pepco Government Services LLC
- Pritchett Controls
- Pro-Air, Inc.
- R & R Mechanical Contractor, Inc.
- Ralph P. Sita, Inc.
- Riggs Distler and Company, Inc.
- S & W Controls
- Saia Plumbing and Heating Company
- Seneca Balance of Maryland
- Service Mechanical, Inc.
- Siemens Building Technologies
- Southland Industries
- Systems 3 Service
- The Poole & Kent Corporation
- The Severn Group, Inc.
- Thornton Service, Inc.



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- Total Refrigeration Services, LLC
- W.E. Bowers, Inc.
- W.G. Tomko, Inc.
- W.L. Gary Company, Inc.
- Washington Refrigeration Company
- Weather Control, Inc.
- Welch and Rushe, Inc.
- Tidewater
- Concrete Visions
- SMC HVAC
- Bernward Mechanical
- Heritage Mechanical
- MECHPRO
- CALVERT CONTROLS
- Dynamic Mechanical Contractors
- J&R Solutions HVAC Services

Both SB550 and HB1097 place the initial and ultimate responsibility for non-payment at the highest non-paying actor in the system. However, it is notable that both the Virginia bill and the Maryland bill carve-out government itself, when acting as an Owner, from the provisions of the bill. We believe that that is wrong. And while the Maryland statutes require a 9 percent interest rate for nonpayment of construction contractor fees, we would support this committee's including an amendment for appropriate treble damages for government Owners, at 27 percent, if it is the will of the committee to do so.

With or without that change, HB1097 is an enormous step in streamlining construction projects and the related payment to contractors, and we ask for a favorable committee report.

Sincerely,

Terriea "T" Smalls

Business Manager and Financial Secretary / Treasurer