



W. L. GARY COMPANY, INC.

Providing Solutions for Over 125 Years
PLUMBING, HEATING, AIR CONDITIONING, AND ENERGY SOLUTIONS

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February 16, 2023

Attn: Chair Wilson and Honorable Members of the House Economic Matters Committee

Re: **SUPPORT House Bill 1097** – State and Private Construction Contracts- Prompt Payment Requirements

Chair Wilson and Members of the House Economic Matters Committee,

I'm writing to you today to express strong Support of House Bill 1097. As the President of W. L. Gary Company Inc., I see **HB 1097** as a valuable way to ensure subcontractor protection and prompt payment from Owner and General Contractors after the completion of our contracted work. Without this bill, we currently face cash shortages as we must pay our 150 employees every week, along with their union benefits every month. Our material suppliers terms are usually net 30 and we need to pay those bills or be threatened with not receiving our next shipment of materials without which, we might find ourselves in breach of contract. I have been with our company for over 40 years of its over 125 year existence. I have seen many businesses in our construction industry be put out of business because of issues with not getting paid in a timely manor. They had profitable businesses on paper but ran out of cash and were forced to close. If they had been paid in a timely manor, perhaps they would still be in business, providing jobs and income for more Maryland residents.

We know that our industry requires us to finance our work for 30 to 60 days under ideal conditions with work that is done at the beginning of a month, is billed at the end of the month and the payment comes 30-45 days after billing. We understood those terms when we chose to be in our business. We have been forced to finance projects through delayed payments far longer than we had ever anticipated. Under current law, Project owners and Prime contractors can hold money and not pay invoices for an unspecified amount of time, draining our limited resources. This is especially hard on smaller lower tier subcontractors who may not have the financial strength to wait for 90-120days to receive payment for work that was legitimately completed. As a Mechanical Contractor, we also subcontract some of the work to Sheetmetal contractors and insulating contractors. This bill will help us greatly so that we can make timely payments to our subcontractors without our company financing that cost as well.

Currently our headquarters is located in the District of Columbia but we have a large satellite Office in Lanham, Maryland with a fabrication and warehouse facility in Hyattsville Maryland. The majority of our 150 employees, including the 4 share holders, live in Maryland. We are signatory employers of members of Steamfitters Local 602, Plumbers Local 5, and UA local 486 as well as an active member of the Mechanical Contractors Association of Metro Washington (MCAMW). I bring this up to show we pay our employees well. We are not labor brokers who can tell their 1099 workers "we will pay you when we get paid". We need to pay our weekly payroll obligations to our employees, our



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weekly obligations to federal payroll taxes, SUDA, monthly union benefits, monthly rent to our landlords, utilities for our offices and warehouse, etc. regardless of whether we have been paid for our work or not. Our terms of payment with all of those entities cannot be "I'll pay you if and when I get paid"

The current system is not fair and equitable. We were not incorporated to be a financial institution. If the owners and Prime Contractors need help with financing, they should be seeking help from firms setup for just that purpose. Not the small and medium contractors who work every day to build buildings and service those same establishments, providing thousands of jobs across the state.

I urge you to give a favorable report and support **House Bill 1097** and help us continue to provide meaningful employment for Maryland residents.

Sincerely

W. Randall Greer

W. L. Gary Company, Inc.

President