



International Brotherhood of Electrical Workers
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**TESTIMONY IN SUPPORT OF SB 453
STATE & PRIVATE CONSTRUCTION CONTRACTS-PROMPT PAYMENT
February 23, 2023**

TO: Hon. Melony Griffith, Chair and members of the Senate Finance Committee
From: Tom Clark, Political Director, International Brotherhood of Electrical Workers, Local 26

Madam Chair, Madam Vice Chair and members of the Committee, I ask that you join me in **support of SB 453**. To me, this piece of legislation is just a “do the right thing” type of bill. In the construction industry, prompt payment of services is something that is expected, but quite often not practiced. This simple bill could save Maryland contractors from bankruptcy, solely because unscrupulous customers and General contractors do **not** want to “do the right thing”.

Imagine an Electrical contractor bidding and winning a contract worth 5 million dollars. They would have to purchase the lights and switchgear, let’s say at 2.5 million. Along with their payroll, they are putting up to 80% of that 5 million dollars. Yet there is no guarantee that they will receive prompt payment of services, when the job is completed. Contractors can withhold payment without cause. In a state that promotes small, minority and veteran owned business, this withholding can ruin a Maryland business, specifically small minority businesses. SB 453 requires the General contractor to publicly state the reason for withholding and made responsible for interest lost. This maybe the cause of this practice: A General Contractor can make a great sum of interest on money that is designated to a sub-contractor.

In today’s world of supply line shortages, some subcontractors may have to pre-pay for equipment that is 18 months from delivery. This cost is a big burden to small Maryland sub-contractors, let us not add to this problem by keeping them from receiving payment for services rendered.

I believe this bill is a “slam dunk” regarding it being favorable. Most General contractors understand fair business practices, but let’s set some basic rules for the unscrupulous General contractors that aim to harm small Maryland businesses. Please join me in **support of SB 453**. Thank you.

