



Maryland Chapter
National Electrical Contractors Association



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Dear Chair Griffith and members of the Senate Finance Committee:

On behalf of the Maryland Chapter of the National Electrical Contractors Association (NECA) and the Alliance for Construction Excellence (ACE), I write today to express our strong support for Senate Bill 453, requiring a private construction contract to include a provision requiring the owner to pay the contractor within a certain period of time.

Maryland NECA represents 75 construction contractors, some 2,000 workers and over 400 working apprentices. ACE is a coalition of premier construction specialty contractor associations, allied to create awareness of the value of quality construction. ACE represents subcontracting firms that employ highly skilled technicians for field construction work, and provide those employees with high-value wages, family medical care, retirement plans, and continuing education through workforce development and apprenticeship training programs.

Both NECA and ACE strongly support Senate Bill 453 because one of the many challenges that subcontractors in the construction industry face is not being paid in a timely fashion. 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 the customer or prime contractor.

While the subcontractor 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 millions of dollars. Subcontractors - small, medium, and large - face this dilemma every day, and waiting for large sums of owed money means the contractor is unable to pay themselves. In fact, many contractors waiting on retainage and other forms of delayed payment find themselves financing additional projects at varying interest rates, money which can't be recovered, to keep their crews working.

While morally reprehensible, it's not unheard of for low-road customers and 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 they rightfully owed; or, to take a lesser fee to at least cover costs and keep their business afloat.

Senate Bill 453 is critical for the members of NECA, ACE, and all subcontractors in the State of Maryland by making sure that they are paid what they're owed and in a timely manner. For these reasons, Maryland NECA and ACE supports Senate Bill 453 and asks for a favorable report.

Sincerely,

William Yull
Executive Director
Maryland Chapter, NECA