



Mechanical LLC

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February 17, 2023

Attn: Maryland Senate Finance Committee Chair Melony Griffith and Members of the Senate Finance Committee

Re: **SUPPORT Senate Bill 453** – State and Private Construction Contracts- Prompt Payment Requirements

Chair Griffiths and Members of the Senate Finance Committee,

I'm writing to you today to express strong Support of Senate Bill 453. As the President of R&R Mechanical, LLC, **Senate Bill 453** ensures subcontractor protection and prompt payment from Owner and General Contractors after the completion of contracted work.

R&R Mechanical has been in business for 36 years with offices in Maryland and the District of Columbia. We are a Union Signatory Contractor of Local Union 602, Local 5 and MCAMW Member. We employ approximately 200 men and women of which 80% reside in the State of Maryland including myself.

Delayed payments are detrimental to the success of any business. The construction industry is particularly burdened by this given its labor-intensive nature. Payroll, benefits, taxes, and overhead expenses such as rent, and utilities are both ethical and legal obligations that must be met. Our suppliers enforce payment terms for the survival of their own businesses. We must pay suppliers to maintain access to materials and equipment. When payment is delayed, it impacts cashflow which puts meeting all these business obligations at risk. We effectively become an interest free finance company for the Owners and General Contractors. In some cases, Owners and General Contractors delay payment for their own financial benefit be that in the form of reducing their own financing cost or simply accruing additional interest on funds due to the subcontractor community.

For the above reasons and many others, we support Senate Bill 453 and ask for a favorable report.

Sincerely,

A handwritten signature in black ink, appearing to read 'Robert Spallone', written over a horizontal line.

Robert Spallone
President
R&R Mechanical