



Maryland Chapter National Electrical Contractors Association

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FAVORABLE: HB0949 - State Finance and Procurement – Retention Proceeds

Dear Chair Pena-Melnyk and members of the House Health and Government Operations Committee:

On behalf of the Maryland Chapter of the National Electrical Contractors Association (NECA), I write today to express our support with amendments for House Bill 949, requiring the undisputed retention under a State procurement contracts be paid within 90 days after the date of substantial completion and limiting the retainage to 5% of the construction project.

Maryland NECA represents 75 construction contractors, some 2,000 workers and over 400 working apprentices. NECA represents electrical contracting firms that employ highly skilled electricians 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.

Retainage is a percentage of a contract price “withheld” from a contractor as assurance that the job is completed and to a satisfactory level. Maryland NECA supports House Bill 949 because one of the many challenges that contractors in the construction industry face is the inability to be paid the retainage on a project in a timely manner after substantial completion. Furthermore, unless a project is fully bonded, there is no limitation on the amount of retainage that can be withheld.

While the contractor 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 on 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.

House Bill 949 is critical for the members of NECA and all contractors in the State of Maryland by limiting the retainage of any project to just 5% and by making sure that the contractors are paid what they're owed and in a timely manner. For these reasons, Maryland NECA supports House Bill 949 and asks for a **FAVORABLE** report.

Sincerely,

William Yull
Executive Director
Maryland Chapter, NECA