



PLUMBERS LOCAL UNION NO. 5

UNITED ASSOCIATION OF JOURNEYMEN AND APPRENTICES OF THE PLUMBING AND PIPE FITTING INDUSTRY OF THE UNITED STATES AND CANADA, AFL-CIO

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HB451 - STATE AND PRIVATE CONSTRUCTION CONTRACTS – PROMPT PAYMENT REQUIREMENTS

SUPPORT WITH AMENDMENT

Chair Wilson and Members of the House Economic Matters Committee,

On behalf of UA Plumbers & Gasfitters Local 5, representing over 1,900 members, 400 apprentices, and their families, I write to express Support with Amendments for House Bill 451. With the suggested amendments, this legislation can provide crucial financial stability, predictability, and continuity within the construction industry.

House Bill 451 aligns with similar legislation enacted in Maryland and Virginia, ensuring prompt payment across all levels of the construction payment chain—from owners to prime contractors and subcontractors—within 60 days. By prohibiting unfair "pay-if-paid" clauses in most construction contracts, the bill prevents the shifting of payment risk from owners to contractors and subcontractors, a practice that disproportionately affects lower-tier subcontractors.

Delayed payments create economic instability, especially for smaller subcontractors who are most vulnerable to cash flow disruptions. This bill appropriately assigns accountability to the top of the payment chain, ensuring responsibility lies where it is most needed.

Proposed Amendments:

1. Repeal Government Exemption:

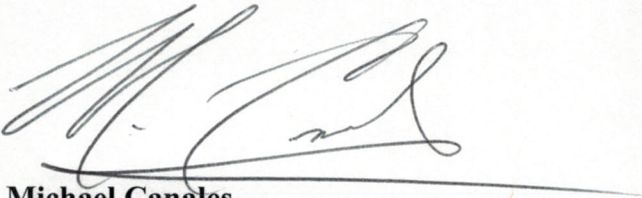
Current legislation in Virginia and Maryland excludes governmental entities from the definition of "Owner." While Maryland mandates a 9% interest rate on unpaid contractor fees, non-payment by public sector owners causes the same economic disruptions as private sector delays. Removing this exemption ensures fair and consistent payment practices across the board.

2. Timely Payment to Subcontractors:

As written, the bill allows prime contractors to receive timely payments from owners but delay payments to subcontractors. We propose requiring payment to subcontractors within **15 calendar days** of receipt from the owner. Non-compliance would grant subcontractors a private right of action, including attorney fees, costs, and treble damages, to deter future violations.

For these reasons, UA Plumbers & Gasfitters Local 5 **supports House Bill 451 with amendments** and respectfully requests a favorable committee report.

Thank you for your time and consideration.



Michael Canales

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UA Plumbers & Gasfitters Local # 5

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