



January 29, 2025

The Honorable CT Wilson, Chair
The Honorable Brian Crosby, Vice Chair
House Economic Matters Committee
230 & 231 Taylor Office Building
Annapolis, MD 21401

**Testimony of Ray Baker on
HB 451 – State and Private Construction Contracts - Prompt Payment Requirements
Position: FAVORABLE**

Thank you, Chair Wilson and Vice Chair Crosby and members of the House Economic Matters Committee, for the opportunity to testify in support of HB 451. My name is Ray Baker. I am the Maryland Director for the Baltimore-DC Building Trades (BDCBT). The BDCBT represents 28 construction trade unions across Maryland, Northern Virginia, and the District of Columbia. Combined, our trade unions represent more than 30,000 of skilled craft professionals in the construction industry.

The BDCBT is in support of HB 451 on behalf of our signatory contractors as they provide employment for our members. Many of our contractors are small-to-medium businesses and perform work as second- and third-tier contractors.

HB 451 ensures predictability, accountability, and continuity of work in construction. It ensures that all parties in a project—the owner, downstream to the prime contractor, and down to the subcontractors and lower-tiered subcontractors, are paid promptly, within 60 days. In the construction industry the old adage of the "Big Fish eat the Little Fish" is very true. When a remittance or invoice is held, it can be the beginning of the end for a small company. It becomes a burden to make payroll, meet supplier invoices and cover overhead. To have a more fair and competitive work place invoices and payments need to be made in a timely manner as stated in the bill. This allows a company to grow and prosper.

HB 451 is modeled after legislation passed in Virginia. HB 451 places responsibility for non-payment at the highest non-paying actor, usually the project owner. The bill takes a reasonable approach in exempting a contractor from liability for amounts due to a breach of contract by the subcontractor, requires timely notice and the reason for withholding payment, and takes into account insolvency and bankruptcy.

The BDCBT urges the committee to issue a favorable report on HB 451.

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