

Maryland—Senate Bill #0336
House Bill #0454
State and Local Payment Practices
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Senate Education, Health, and Environmental Affairs

As the executive director for the Sheet Metal and Air Conditioning Contractors’ Mid-Atlantic Chapter and a member of The Alliance for Construction Excellence (ACE) our industry group is in strong support of Senate Bill #0336 and corresponding House Bill #0454.

Our national organization, the Sheet Metal and Air Conditioning Contractors’ Association (SMACNA) is supported by more than 4,500 construction firms engaged in industrial, commercial, residential, architectural and specialty sheet metal construction throughout the United States.

ACE is a local coalition of the premier construction specialty contractors’ associations, allied to create awareness of quality construction. ACE represents some 1,200 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 education, workforce development, and apprenticeship training programs.

General contractors manage construction projects and have the ability to directly hire employees such as carpenters, laborers, and cement finishers. However, 80 to 90 percent of the work performed on the construction site is done by subcontractors, typically specialty trade contractors who employ tradesmen such as plumbers, electricians, ironworkers, fitters, and HVAC technicians. The majority of these subcontractor companies are considered small businesses by definition. The average size of a sheet metal company in the U.S. is 10 employees.

In Maryland, our local SMACNA Chapter, SMACNA Mid-Atlantic, represents more than 60 companies employing 2,000 workers in the Baltimore/Washington Metropolitan area. SMACNA members not only provide top level training for their employees, but also are known for providing excellent wages and benefits. These benefits include a defined benefit pension, health insurance, and 401(k).

If a subcontractor is successful in winner in the bidding process, they are REQUIRED to finance a portion of the construction. This is the result of the age-old practice of “Pay When Paid” that keeps new, often disadvantaged and minority subcontractors, from being successful. This unfair

practice is compounded when the owner, in this case a Maryland Public Entity, is slow to pay the general contractor. It is vitally important for all subcontractors that the State pays the general contractor as soon as possible for the subcontractors' work. The subcontractor has already expended funds in form of wages, benefits, materials, tools, and overhead to begin the job and cannot afford to wait for payment.

Maryland requires a General Contractor to pay a Subcontractor within ten days. If the general contractor waits 30 days for payment from the Maryland Public Entity and then waits 10 more days to pay its subcontractors, you can easily understand why the subcontractor is financing the construction.

SMACNA Mid-Atlantic Chapter as a member of the ACE Coalition supports SB #0336 because it reduces the number of days for payment to the General Contractor from 30 days to 15 days. Fifteen days could be the difference between the success or failure of a small, disadvantaged subcontractor.

For more information or questions, please contact Bernard Brill, SMACNA Mid-Atlantic Chapter, 7833 Walker Dr., Suite 400, Greenbelt, MD. Ph: 301/446-0002 x 101 or email Bernie@smacnaatl.org.