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House of Representatives

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To: House Judiciary Committee

From: Representative Michael Houser

RE: Testimony in support of HB 2173 Construction Registry Bill

Thank you Chairman Kinzer, and Committee for allowing me to testify in support of HB 2173, the Construction Registry Bill.

HB 2173, if passed into law, would help to protect all parties involved during the construction phase of a project. The creation of an online registry would allow the registrants protection from non-payment from the General Contractor after they have registered. One of the main problems we have now is we do not know who all the players are on a job. The bill states that after placing materials or labor in excess of "x" amount of dollars on the job, all parties need to sign the registry. That includes subcontractors, subs of subs, and suppliers.

In a perfect world, the general contractor and subs complete the project without a hiccup and the suppliers all get paid on time. Believe it or not, it has happened. However, there are times when things don't go as planned. A subcontractor may have to shut down his business due to financial problems, or maybe they don't take care of paying for the materials from the suppliers. It could be a sub of a sub that doesn't pay rent on equipment. The list could go on and on. The bottom line is the general contractor gets the check at the end of the meal. The problem is there are times he has to pay for things which were not in any of his contracts, due to no fault of his own.

This bill would help to eliminate the problem. When a subcontractor starts working on the job or a supplier has delivered materials, they have 21 days to sign up on the online registry. This simple act will allow the general contractor know who has a financial investment in the project. This will make sure the subs and suppliers both get paid in full. It won't cost the subs or suppliers anything except the minimal amount of time it takes to register online. There is no cost to the State as the cost will be borne by the general contractors. In short this bill is a win – win for all the parties involved.

Mike Houser
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