Proponent Testimony for Ohio House Bill 288 (136th General Assembly)

Presented by the Construction Employers Association
Submitted to the Ohio House of Representatives Small Business Committee
Date: June 3rd, 2025

Chairman Ghanbari, Vice Chairman Dean, Ranking Member Upchurch and Honorable Members of the Ohio House of Representatives,

My name is Timothy Cassell and I am here today on behalf of the Construction Employers Association (CEA), is a non-profit trade association with over 180 construction firms representing employers of approximately 8,000 skilled trades and construction management personnel in Northeast Ohio. CEA members range from large general contractors to smaller subcontractors, corporations, and small family-owned and operated businesses. We are pleased to offer our strong support for House Bill 288, which aims to ensure timely payments from owners of private construction projects to contractors. This legislation is a critical step toward strengthening Ohio's construction industry and fostering fair business practices.

I have included a copy of the 2024 Rabbit Construction Payment Report annually. Rabbet publishes the Construction Payment Report that meticulously details the extent of slow payments in each year, along with their impact on prime and subcontractors. I will refer to the report in greater detail during my testimony.

Why House Bill 288 is Essential for Ohio's Construction Industry

House Bill 288 amends section 4113.61 of the Ohio Revised Code to mandate timely payments from project owners to contractors on private construction projects. This simple yet transformative change will address one of the most persistent challenges in our industry: delayed payments. By establishing clear payment terms, HB 288 will protect contractors from the financial strain caused by late payments, ensuring they can operate efficiently and sustainably.

1. Improving Financial Stability for Contractors

Delayed payments pose a substantial challenge for construction companies, particularly small and medium-sized enterprises that operate with limited financial resources. When payments are delayed, contractors may encounter difficulties in meeting payroll obligations, procuring necessary materials, or fulfilling payments to subcontractors. Consequently, this can result in cash flow constraints and heightened reliance on credit or loans. **Notably, the 2024 Rabbet Construction Payment Report, page 10, reveals**

a marked surge in credit card usage, lines of credit, and the depletion of retirement savings by prime contractors in making payments to subcontractors since 2019.

SOURCE OF FINANCING	2024	2023	2022	2021	2020	2019
Business Savings	67%.	67%.	40%	53%	38%	38%
Retirement Savings	58%	23%	19%	2%	3%	2%
Credit Card	56%	30%	49%	44%	25%.	15%
Line of Credit	52%.	30%	41%	44%.	25%	29%
Personal Savings	34%	37%	28%	27%	23%	6%

Antidotally, one of our contractors reported that in 2024, they incurred over $400,000.00 in expenses due to late payments. This incident serves as a notable example of the challenges faced by our members in managing late payment obligations.

This can erode profitability and increase end-user construction costs and, in severe cases, lead to business failures. HB 288 ensures that contractors receive payments on time, providing them with the financial stability needed to grow their businesses and invest in their workforce.

2. Supporting Jobs and Economic Growth

The construction industry is a cornerstone of Ohio's economy, contributing billions of dollars annually and employing over 200,000 workers. Timely payments enable contractors to maintain operations, retain skilled workers, and take on new projects. By supporting the financial health of construction companies, HB 288 will help sustain jobs and stimulate economic growth across the state. Additionally, ensuring that workers and suppliers are paid on time supports the financial security of thousands of Ohioans who depend on the construction industry for their livelihoods.

3. Fostering Fair Business Practices

House Bill 288 aims to foster fairness and trust between contractors and project owners by establishing unequivocal payment expectations. Delayed payments frequently result in disputes, strained relationships, and even legal proceedings, imposing unnecessary costs and delays on contractors. By mandating timely payments, this legislation diminishes the likelihood of conflict and promotes collaboration, benefiting all parties involved. Transparent payment terms also level the playing field, enabling smaller contractors to compete more effectively with larger firms that possess greater financial resources. **Ohio would not be the first state to implement prompt payment legislation; in fact, more than half of the nation has a version of prompt pay, including Texas, Tennessee, Kentucky, Pennsylvania and many more. These**

states have recognized the imperative to fortify and enhance their construction industry in order to maintain their rapid economic expansion. I have included a one-page document detailing the previously mentioned states' prompt payment schedule.

4. Enhancing Project Efficiency

Timely payments enable contractors to secure materials and labor without interruption, leading to smoother project timelines and higher-quality outcomes. When contractors are confident in their cash flow, they can invest in skilled workers, modern equipment, and innovative practices, ultimately delivering better results for project owners and the public. HB 288 creates a virtuous cycle of efficiency, where timely payments lead to timely project completion, reducing costs and delays for everyone.

5. Making Ohio a Leader in Construction Innovation

Ohio's construction industry competes regionally and nationally for talent and projects. By ensuring timely payments, HB 288 makes Ohio a more attractive market for contractors and subcontractors, encouraging investment and growth. This bill signals to the industry that Ohio values fair business practices and is committed to supporting its construction sector, positioning our state as a leader in construction innovation and economic development.

Addressing Potential Concerns

We acknowledge that certain stakeholders may express concerns regarding the administrative burden or financial costs associated with compliance with HB 288. However, we firmly believe that the advantages substantially outweigh any minor inconveniences outlined in the **2024 Rabbet report under the section on the cost of slow payments, located on page 15. Rabbet has identified that 48% of General Contractors are now incorporating a 11%-15% cost increase to compensate for delayed payments, a significant surge from 2023 when only 26% of General Contractors were adding 11-15%**. Evident payment terms can actually reduce costs in the long term by minimizing disputes and the necessity for collections efforts. Furthermore, the construction industry plays a pivotal role in Ohio's economy, and supporting it through equitable payment practices is paramount for our state's prosperity. The CEA is resolute in its commitment to collaborating with legislators and stakeholders to ensure the effective implementation of HB 288, thereby establishing clear guidelines that minimize burdens and maximize benefits.

Conclusion

The Construction Employers Association urges the passage of House Bill 288. This legislation is a common-sense solution that will strengthen Ohio's construction industry, support jobs, and ensure fair business practices. By mandating timely payments, HB

288 empowers contractors to deliver projects efficiently, maintain financial stability, and contribute to Ohio's economic growth. We stand ready to assist in its implementation and look forward to its positive impact on our state.

Thank you for your time and consideration.

Sincerely,
Timothy J.Cassell

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Construction Employers Association

2024

Construction Payments Report

Insight into the $280 billion impact of slow payments on the construction industry

Rabbet

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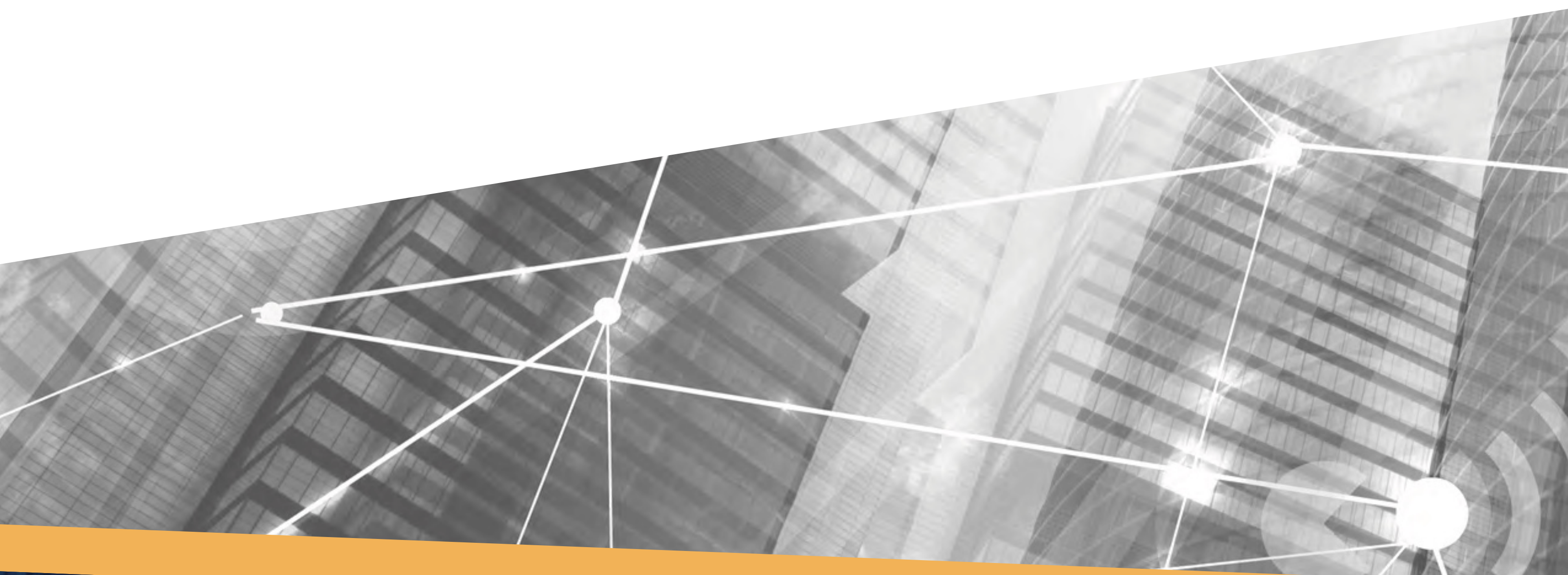


ABOUT THE SURVEY

How the Speed of Payments Continues to Impact the Construction Industry

In 2023, the United States construction industry spent $1.9 trillion on new construction. Despite the rocky economy and sectors like residential and office slowing down significantly, this is a 7% increase in spending from 2022. By the end of 2024, experts anticipate this number will increase to just over $2 trillion.

Each year, Rabbet surveys subcontractors and general contractors about the speed of payments in the construction industry. Their responses shed light on the impact of slow payments on contractors, developers, lenders, and equity partners. *This year's report compares survey data from 2024 with data collected in previous years to examine payment trends for the construction industry.*

SURVEY HIGHLIGHTS

This year's results were surprising; while data from our previous reports typically shows that subcontractors experience the greatest overall negative impact of slow payments, this year's report highlights the serious decline in the financial stability of general contractors.

Prior to this year, the percentage of general contractors who floated payments to subcontractors was trending downward: 65% in 2020, 63% in 2021, and 62% in 2022. **But this year, 95% of general contractors and 75% of subcontractors reported floating payments while waiting for a developer to issue payment.** General contractors noted that nearly 3 out of 4 of their projects (72%) required them to float payments using personal savings, retirement accounts, or credit cards.

$280 BILLION

The U.S. construction industry is estimated to spend $2.0 trillion on construction in 2024, with $280 billion in slow payment costs.

The impact of slow payments goes beyond cost. Project delays and a growing shortage of construction labor are trickle-down effects of slow payments. Rabbet's annual Construction Payments Report demonstrates the effects of slow payments and why all parties in the construction industry need to take action to address the inefficient processes that contribute.

SURVEY HIGHLIGHTS

73

HOURS PER MONTH
General contractors spend managing payments to subcontractors and vendors, a 26% increase from 2023

14%

of total construction costs could be eliminated with faster, more reliable payments to contractors

280

BILLION
is the cost of slow payments to the U.S. Construction Industry

99%

of general contractors see the value in paying their subcontractors faster

90%

of general contractors filed a lien due to slow payments in the last 12 months

69%

INCREASE
in contracts falling out due to lack of financing in 2024

92%

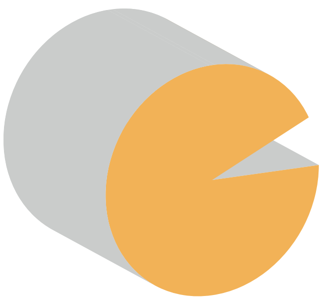
of general contractors had work delayed or stopped because of slow payments to crew members

THE STUDY

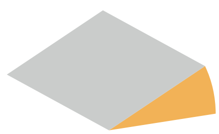
The survey captured how general contractors and subcontractors across the U.S. managed working capital, bidding decisions, and project risks in the face of slow payments during the last 12 months. Participants completed the online survey during August 2024. Rabbet distributed the survey to contractors representing a wide diversity of trades and would like to thank all survey respondents who gave their valuable time to contribute to this report.

Respondent Breakdown

Contractor Type



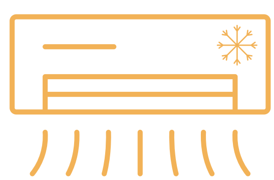
93%
General Contractors

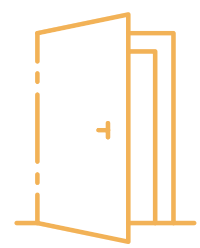


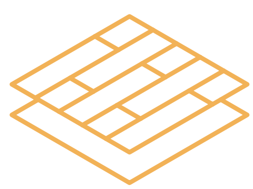
7%
Subcontractors

Locations Represented

Top Trades Represented







Flooring, Window & Door, HVAC

THE REAL COST OF SLOW PAYMENTS FOR SUBCONTRACTORS AND GENERAL CONTRACTORS

Working Capital Is Imperative To Contracting Businesses

General contractors and subcontractors typically need to spend money before a project starts. Materials, tools, and labor must all be paid for before work can begin. With so much cash flowing out of contractors' pockets, it's imperative that they can plan on when the cash will flow back in.

While subcontractors used to be paid monthly, general contractors now report that 72% of their subcontractors are paid on a more frequent basis. Many general contractors pay their subcontractors weekly, bi-weekly, or even daily. Without adequate cash flow, general contractors can be in a tight spot when payment is due.

If they haven't received timely payments from a developer, general contractors increasingly float payments using personal capital. In 2024, contractors report leveraging these sources in the following order: retirement savings (58%), credit cards (56%), and a personal line of credit (52%) to pay their subcontractors.

Loans and credit cards come with additional billing charges, like interest and fees, requiring general contractors to finance even more expenses before receiving payment from a developer. In last year's report, 67% of general contractors said they incurred charges when floating payments to their subcontractors.

This year, 98% of general contractors racked up additional fees while waiting for payment.

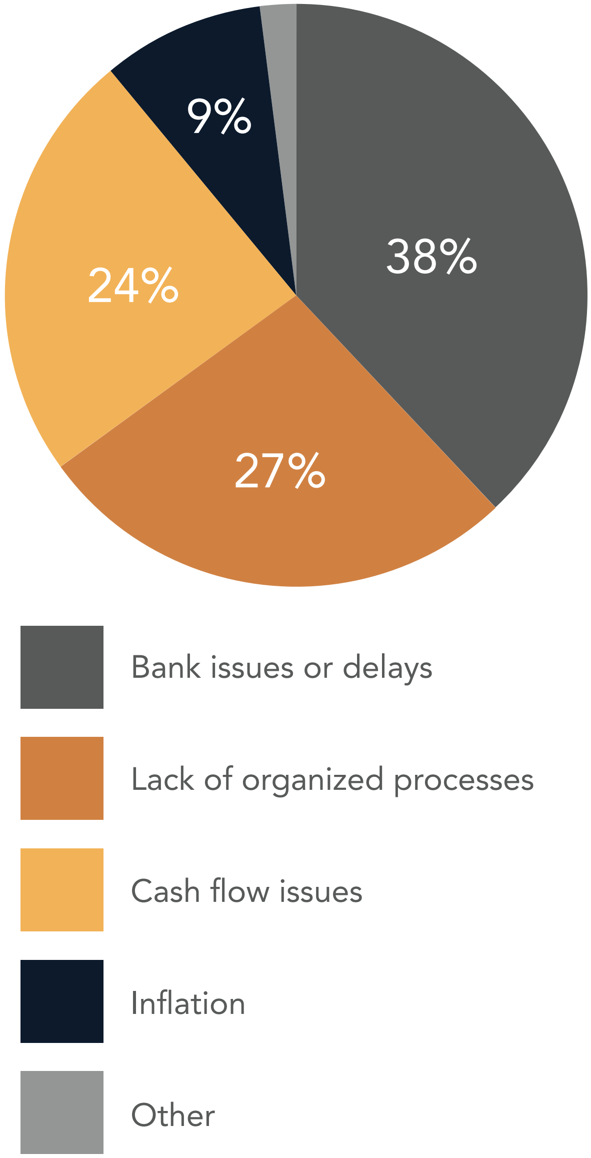
If general contractors choose not to float payments—making subcontractors wait for their paycheck—they risk losing reliable labor. Most of us wouldn't work for a boss who has no idea when they'll issue our next paycheck; we'd simply find another place of employment. Similarly, subcontractors are reluctant to work for a general contractor that has a reputation for not paying them on time. Survey respondents were unanimous in their opinion on this issue: 100% of subcontractors said they consider the payment reputation of a general contractor when deciding how much to bid on a project. Out of these, 88% chose not to bid on a job due to the general contractor's payment reputation.

Three-fourths of subcontractors said they have charged their general contractor more for labor this year. The ripple effect of markups doesn't stop with subcontractors, though. When facing increased business costs, general contractors factor the extra labor markup plus their financing charges into the bids they deliver to developers: **97% of general contractors said they charged developers more for projects in the last year due to slow payments.**

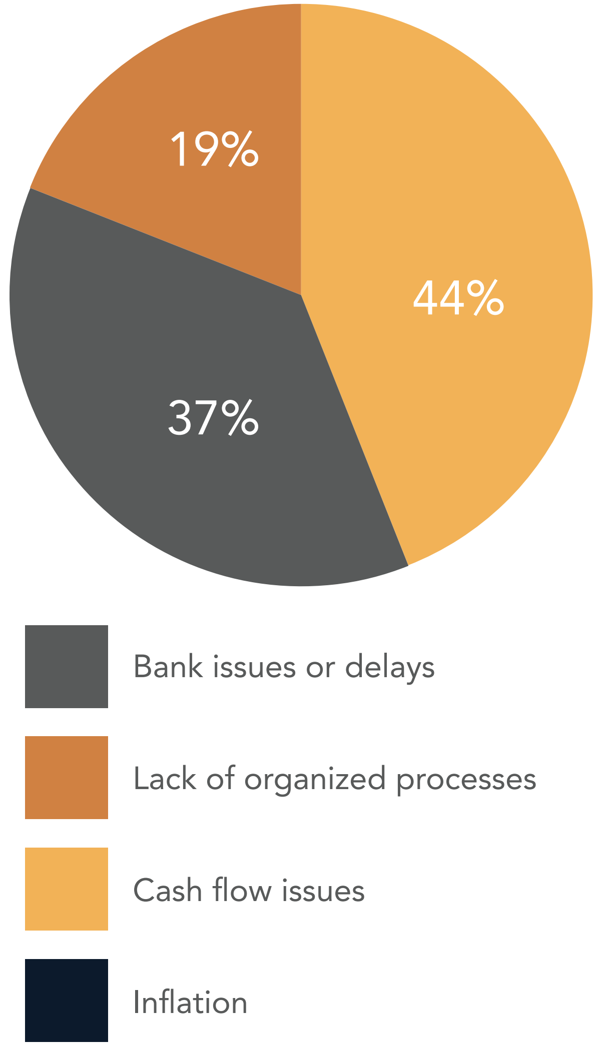
WHAT CAUSES PAYMENT DELAYS

When asked what is the biggest contributor to slow payments, the most frequent response amongst general contractors pertained to delays from lenders or equity partners, likely as a result of inefficiencies in the workflows of both lenders and developers when processing a draw request.

General Contractors



Subcontractors



HOW GENERAL CONTRACTORS FLOAT PAYMENTS

When floating payments to subcontractors in 2024, general contractors rely heavily on their personal capital, including a significant increase from previous years in leveraging retirement savings. This is a strong indication that many general contractors are diversifying sources of capital due to overextended lines of credit. Perhaps most alarming is the 150% increase in using retirement savings to float payments. This is not only an unsustainable business model but is detrimental to contractors' long-term financial stability.

SOURCE OF FINANCING	2024	2023	2022	2021	2020	2019
Business Savings	67%	67%	40%	53%	38%	38%
Retirement Savings	58%	23%	19%	2%	3%	2%
Credit Card	56%	30%	49%	44%	25%	15%
Line of Credit	52%	30%	41%	44%	25%	29%
Personal Savings	34%	37%	28%	27%	23%	6%

HOW SUBCONTRACTORS FLOAT PAYMENTS

Subcontractors are also leaning less on credit sources than they reported in previous years, indicating that those funds may be overextended or cost more in interest charges, and instead are also utilizing personal capital. Compared to 2019, there has been a 147% increase in subcontractors who use their retirement savings to float business-related payments. This begs the question of whether subcontractors can continue working in the built industry once their last source of funding—retirement savings—is depleted.

SOURCE OF FINANCING	2024	2023	2022	2021	2020	2019
Personal Savings	53%	39%	19%	15%	20%	31%
Retirement Savings	53%	39%	17%	6%	17%	8%
Business Savings	47%	70%	46%	39%	41%	36%
Credit Card	40%	57%	51%	22%	36%	25%
Line of Credit	40%	46%	37%	36%	46%	22%

More construction workers than ever are gambling with their futures to keep their businesses alive. When personal capital runs dry, how much longer can their businesses survive? It's no wonder that construction laborers are leaving the field in droves, setting the stage for a shaky 2025 regardless of where interest rates settle.

THE PRECARIOUS FUTURE OF CONSTRUCTION

The Future of Construction: How much longer will contractors survive in financial distress?

In 2023, 34% of general contractors and 52% of subcontractors said they watched contracts fall through due to a developer not securing financing for a project. In 2024, 70% of general contractors and 55% of subcontractors made the same claim, reflecting macroeconomic conditions in the real estate sector amid high interest rates, tight underwriting standards, and cautious investors.

In January 2024, ABC News reported a labor shortage of 500,000 construction workers, and by April, an additional 198,000 construction workers had quit the industry. The same ABC report discovered that more than 1 in 5 construction workers are 55 or older, and there aren't enough new workers to keep up with the retirement rate.

If 2025 is the year as a developer you plan to pencil more deals or source fresh business, you're eager to hit the ground running. However, in light of the struggles that contractors are facing, developers need to analyze their financial processes now. Can you issue payments quickly, or will you need to settle for the 9% of contractors willing to put up with slow payments?

> ***"Developers and lenders need to set the standard for reliable, timely payments."***

Contractors are likely to be increasingly selective about who they work with. Real estate developers who invest in efficient payment processes will be first out of the gate to secure high-quality contractors. In fact, they may be the only ones able to find partnerships in the shrinking pool of available labor.

SLOW PAYMENTS MATERIALLY IMPACTED PROJECT RETURNS IN 2024

Slow payments accounted for 14% of total construction costs in 2024. Cost, schedule delays, and risk all increased due to slow payments.

		2024	2023
	Schedule Delays	92% of contractors report work was delayed or stopped due to a delay in payments	67% of contractors report work was delayed or stopped due to a delay in payments
	Liens	68% of subcontractors filed a lien due to slow payment	65% of subcontractors filed a lien due to slow payment
	Cost of Slow Payments	14% of overall project costs are due to slow payments	14% of overall project costs are due to slow payments
	Hours Managing Payments	General contractors spent 73 hours per month (2 working weeks) managing payments to subcontractors and vendors	General contractors spent 56 hours per month managing payments to subcontractors and vendors

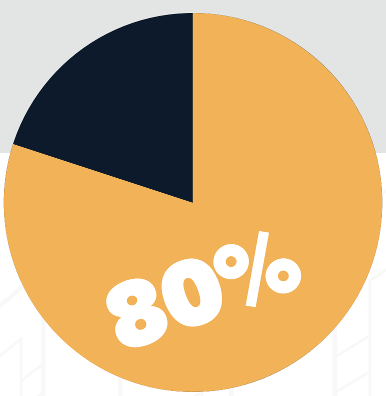
THE IMPLICATIONS OF SLOW PAYMENTS

The Role of Developers And Capital Partners in Slow Payments

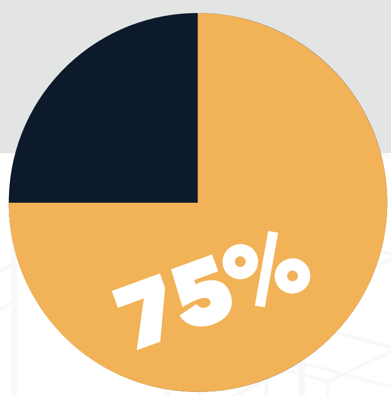
Developers and lenders are major contributors to the issues resulting from inefficient, siloed payment processes. The impact of slow payments on project outcomes may be harder to quantify from this angle but can affect all aspects of project success.

CONTRACTORS

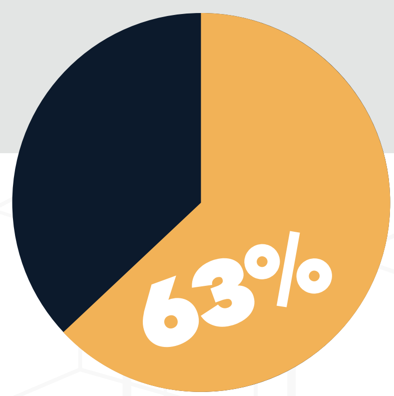
In which way does a late payment from a project owner affect productivity?



It can reduce the quality of work



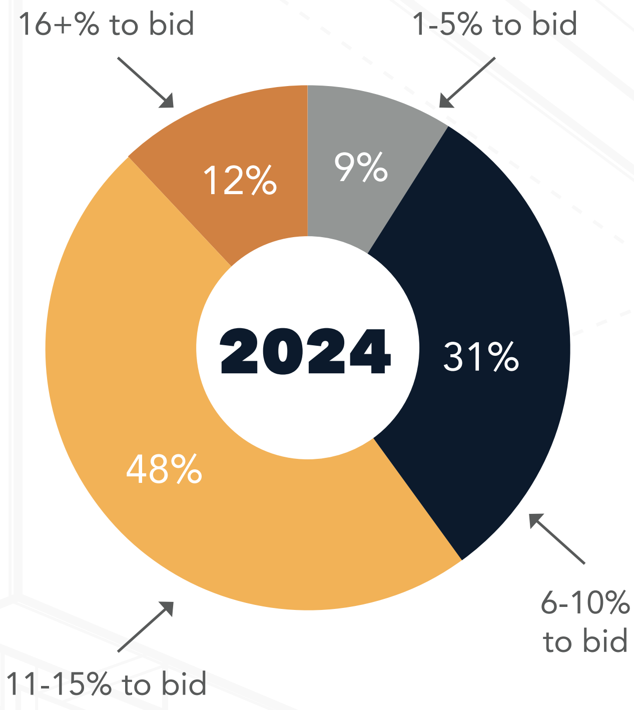
It can slow work down



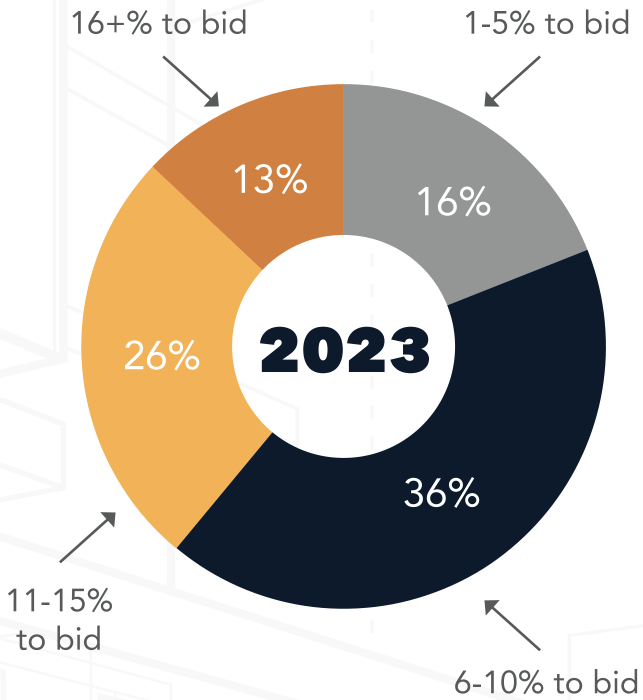
It can cause problems getting crews to the job site

Cost Of Slow Payments Included In Bids From General Contractors

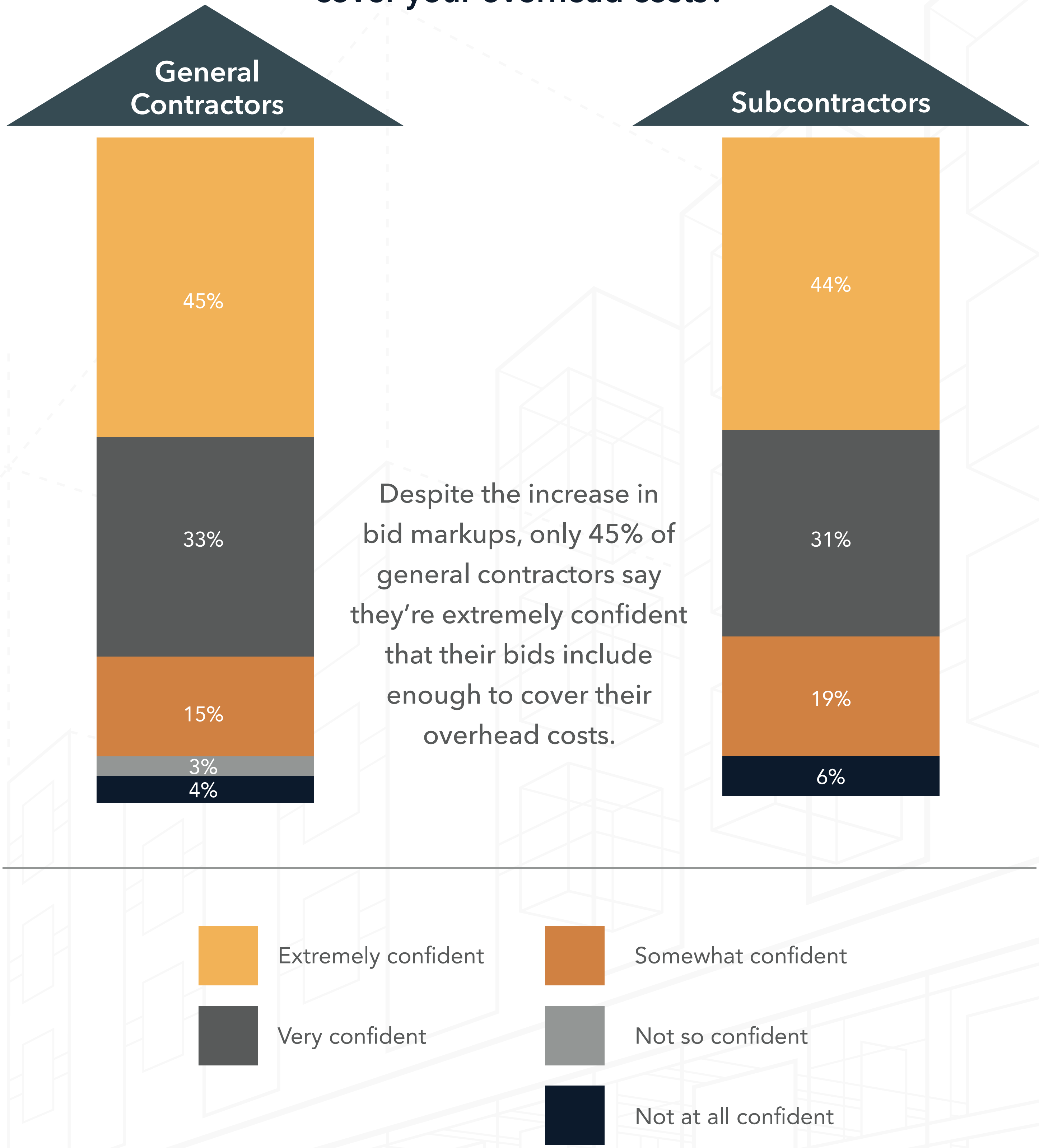
Perhaps most indicative of the rising cost of slow payments is the increase in bid markups. **Sixty-one percent of general contractors now add a markup of 11-16+% to their bids, compared to 39% adding the same markup in 2023**.



Comparing estimated overhead included in general contractors' bids to finance slow payments



How confident are you that your project bids include enough to cover your overhead costs?



Despite the increase in bid markups, only 45% of general contractors say they're extremely confident that their bids include enough to cover their overhead costs.

A developer's reputation for slow payments affects how much contractors estimate a bid, or even if they bid at all. A poor payer reputation leads to above-market construction pricing, which threatens deals penciling at all, especially in a rocky economy. This year, contractors report putting even more weight on the owner's reputation when creating bids for projects: 100% said they consider the developer's payment reputation before bidding on a project, up from 93% in 2023 and 78% in 2022.

What are the qualities of someone with a "good" reputation in the industry? We asked what contractors look for in a developer or project sponsor when considering if they will take on a project, given the current economic state.

General Contractors:

"Trust and reliability"

"The ability to pay without delay"

"Fast payments to crew members"

"Willing to pay upfront costs for the job"

"Financial stability, experience, and expertise"

Subcontractors:

"Speed of payment and ease of submittal process"

"Definitely payment history"

"How many projects they've finished"

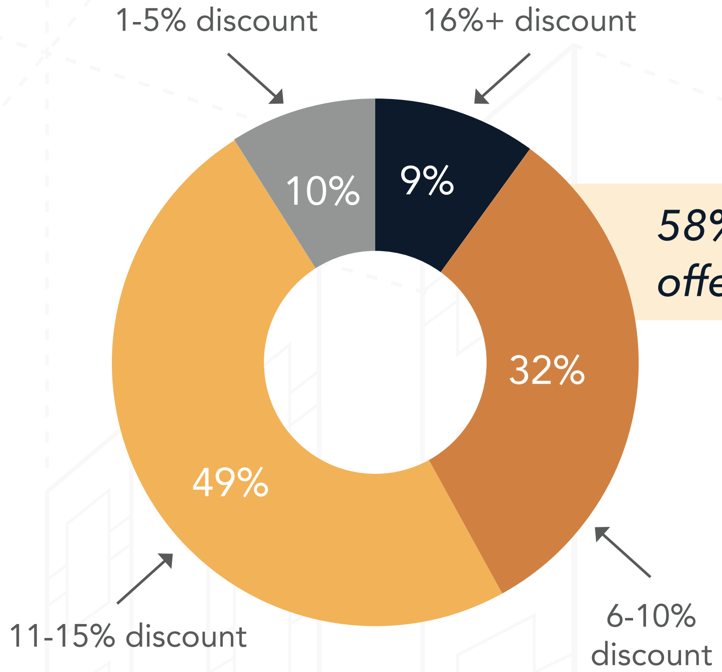
"Payment speed"

Lenders, developers, and contractors all share responsibility for addressing the issue of slow payments in the construction industry. Even those several steps removed from the job site are not immune to the associated costs, scheduling setbacks, and increased project risks.

The shrinking labor pool of contractors is already creating steeper competition for skilled workers. Contractors state that if provided with timely payments, they would, on average, offer a 14% discount.

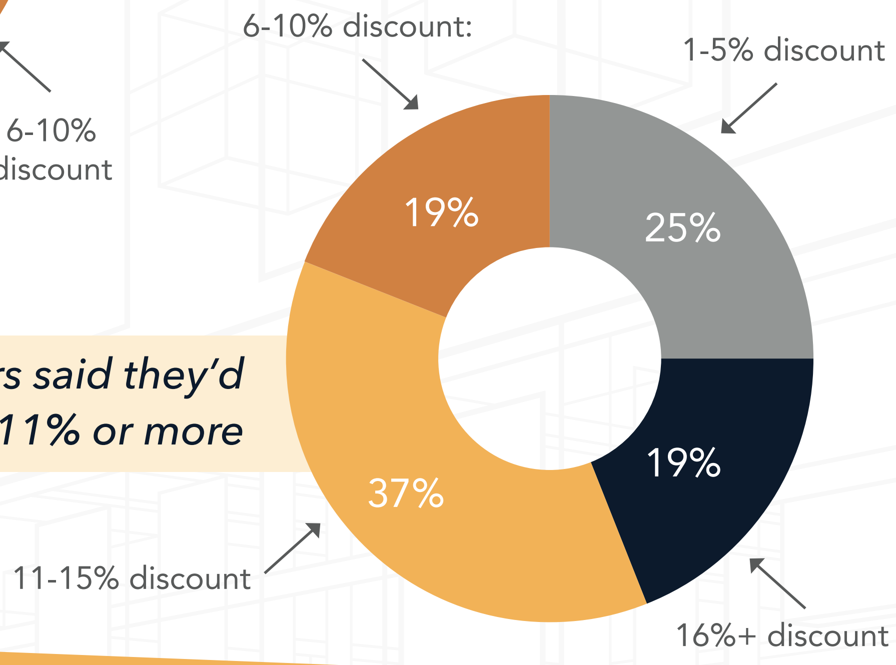
How much of a discount would contractors offer for timely payments?

General Contractors:



58% of general contractors said they'd offer a discount of 11% or more

Subcontractors:



56% of subcontractors said they'd offer a discount of 11% or more

Many skilled, experienced contractors are preparing to leave the built industry to enjoy retirement. With just a few years left in the workforce, these seasoned workers likely aren't willing to dip into their retirement savings to float payments much longer. These contractors are past the point of dealing with payment issues; if a developer pays too slowly, they'll move on to another project.

Even when searching for less experienced contractors, project owners will likely begin to see drastic differences in the price of labor depending on their speed of payments, as evidenced in the increase of contractors who now routinely add anywhere between 11 to 15% markup on their bids. Developers who can issue payments quickly will see discounts and reasonable prices, while those who struggle with issuing timely payments may continue to be burdened by increased costs. Contractors are increasingly expecting developers to use software to assist with the speed of payments.

> **"86% of general contractors said that they received faster payments when developers used software or technology to process payments."**

In this financing environment, it only takes a few work stoppages and project delays for lenders to doubt the expertise of a developer. Developers who issue fast payments generally experience *fewer liens, higher-quality labor, a better industry reputation, and less frequent project stoppages.* All these factors impact how banks and lenders determine a developer's financing terms.

Project owners who don't improve their payment track record may find themselves out of luck when searching for contractors in an extremely limited labor pool. These developers will likely need to settle for a lower quality of labor, or worse, cancel a project altogether.

HOW CONTRACTORS PIVOTED IN 2024

Facing a troubled economic environment, contractors are staying flexible to the ebbs and flows of different asset types. Both contractors and subcontractors report a shift in the past 12 months to focus on in-demand asset classes.

Asset types contractors are focusing on in 2024 include:

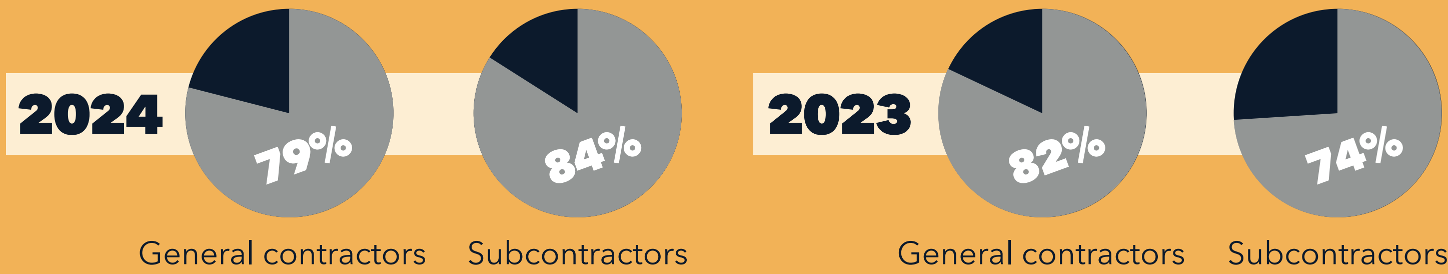
- Healthcare and science facilities (67%)
- Warehouses and industrial (75%)
- Cold storage (65%)
- Student housing (36%)
- Data centers (26%)
- Affordable housing (27%)
- No change (3%)

Only 3% of contractors report working on projects in the same asset type as the previous year.

There is certainly diversity in asset types, and trends will continue to evolve as the economy changes. For concerned developers, this data demonstrates that even as some asset types are slowing down, there are still projects that are penciling.

It's worth noting that general contractors report less confidence in their business survival than in previous years, while subcontractors' confidence has gone up. This is likely due to the decreased pipeline general contractors are currently experiencing as developers struggle to secure financing for future projects.

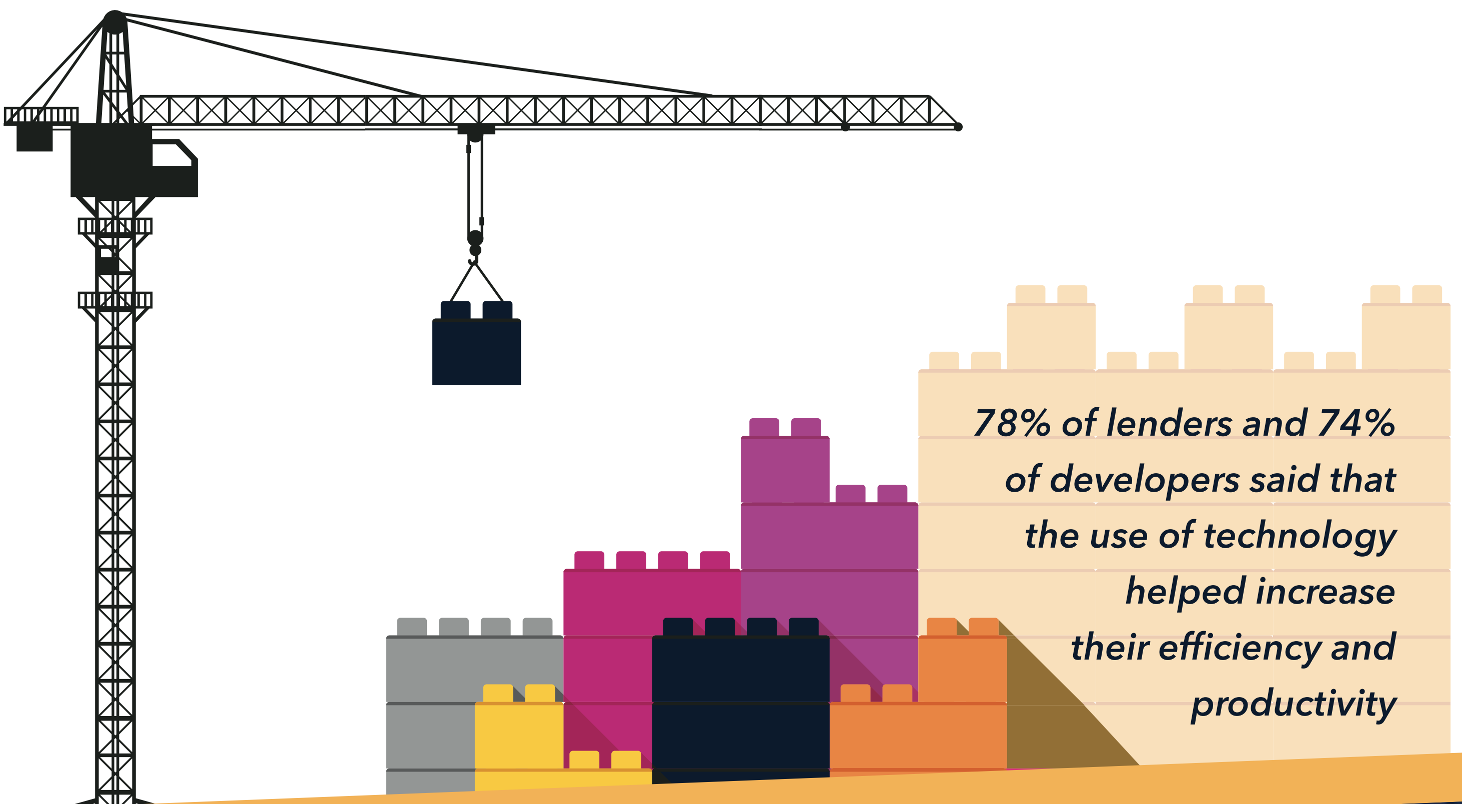
Confidence in business survival: a 12-month outlook.



THRIVE IN '25

Commercial real estate developers coined the phrase, "survive 'til 25." It was a reminder for the industry to consider strategic cash flow management in all operational, financial, or investment decisions while riding out unfavorable economic headwinds.

Lenders and developers who expect their commercial real estate portfolios to thrive in 2025 should be mindful of how their processes contribute to the speed of payments to contractors. In Rabbet's 2024 State of Construction Finance Report, 78% of lenders and 74% of developers said that the use of technology helped increase their efficiency and productivity. Lenders that used software to process payments noted that it saved time on manual data-entry and minimized the risk of errors, reducing their time to process draws by 60%; while developers see a reduction of 68% in the time it takes for packaging and submitting draws when using purpose-built tools. Real estate development software is increasingly becoming essential to both developers and lenders in their payment process. Firms that don't utilize technology to assist with the speed of payments may provide an unreliable payment experience and struggle to secure competitive bids from quality subcontractors and general contractors.



TRENDS AND TAKEAWAYS

2024 Trends

This year, the estimated cost of slow payments totals $280 billion. The report highlights a concerning trend regarding the increasing impact and timing of slow payments in the construction industry—a significant uptick from previous years. 82% of contractors reported payment delays longer than 30 days in 2024, contrasted to 72% last year and only 49% two years ago. These increases spotlight the growing financial burden placed on contractors due to delayed payments.

Slow payments have materially impacted project returns. Despite the construction industry's slowdown, the total overall cost of slow payments—14% of total construction costs—is similar to 2023. And it's not just a matter of cost. The report also found that work delays due to slow payments have increased in the last 12 months, with 87% of respondents noting work delays; with 90% of general contractors resorting to filing liens. This increase in lien filing from 2023 is an indicator of how much more valuable timely payments are today to contractors than ever before. These findings emphasize the direct and indirect effects of slow payments on project schedules, costs, and risks.

Takeaway #1: Operational Improvements Could Lead to Improved 2025 Profit Margins

While lower interest rates may help kickstart new construction, developers who haven't made operational improvements to ensure timely payments will experience difficulties in 2025 and beyond. Securing general contractors or subcontractors in a tight labor market will be harder for developers with a poor payment reputation. Contractors will continue to add increased markups on bids to developers who issue slower payments, eating away at the profit margin of the project. Knowing this, 58% of lenders and 62% of developers reported that they'll invest in technology this year in order to address inefficiencies in their processes. These forward-thinking firms will likely secure lower bids and enjoy fewer concerns about work stoppages impacting the timeline.

Takeaway #2: The Shifting Financial Burden on Contractors Introduces A Worrisome Hidden Risk Factor for Developers and Lenders

With the increasing burden of financing work crews and materials falling to contractors, developers and lenders are losing sight of a potentially significant risk to a project's viability, not to mention the liability increase to a project. If a contractor goes bankrupt in the middle of a project, developers will be forced to halt progress while lining up replacement labor, likely paying a substantial increase in costs. The consequences of slow payments introduce risks to developers and lenders that are harder to track and mitigate.

Takeaway #3: Certainty has value

For both commercial real estate developers and construction lenders, the impacts of slow payments extend beyond financial costs. Risks like project delays, poor quality work, and slim profit margins are highly plausible outcomes if payment processes don't change. Contractors have continued to emphasize the importance of trust, financial stability, and payment reliability on the job. In this survey, general contractors and subcontractors remarked that a sense of certainty would lead to discounts or higher-quality labor. It's up to developers and construction lenders to set the stage for quality, on-time, and on-budget construction outcomes.

Texas Prompt Payment Requirements

35

DAYS

Prime Contractors

On private construction projects, Texas property owners must make progress payments to prime contractors within 35 days of invoice.

7

DAYS

Subcontractors

Prime contractors on private projects in Texas must pay subcontractors within 7 days after receiving payment from the owner. The same 7-day deadline applies to parties down the chain.

7

DAYS

Suppliers

Suppliers on private construction projects in Texas are entitled to payment within 7 days after their hiring party receives payment.

1.5%

/ MONTH

Interest & Fees

On private projects, the Texas Prompt Payment Act assesses interest on late payments at 1.5% month. Attorney fees may be awarded by the court in a prompt payment claim.

Tennessee Prompt Payment Requirements

30

DAYS

Prime Contractors

For Prime Contractors, progress payment must be made within 30 days after invoice, provided invoice delivered in accordance with the schedule set forth by the contract.

30

DAYS

Subcontractors

For Subcontractors, payment due within 30 days after invoice, provided invoice delivered in accordance with the schedule set forth by the contract.

30

DAYS

Suppliers

For Suppliers, payment due within 30 days after invoice, provided invoice delivered in accordance with the schedule set forth by the contract.

1.5% per month

Interest & Fees

The interest rate under Tennessee's Prompt Pay Act is 1.5% per month. Attorneys' fees are awarded to the prevailing party only when the nonpaying party was determined to have acted in bad faith.

Kentucky Prompt Payment Requirements

30

DAYS

Prime Contractors

For Prime Contractors, progress payments due within 30 business days after request for payment, provided contrctor gives notice of nonpayment after 25 days. For education projects, progress payments due within 45 business days after request for payment. Final payment due within 30 days of substantial completion of the project.

15

DAYS

Subcontractors

For Subcontractors, payment due within 15 business days after receipt of payment from above.

15

DAYS

Suppliers

For Suppliers, payment due within 15 business days after receipt of payment from above.

12%

/ YEAR

Interest & Fees

Interest at 12% year. Attorneys' fees are only available if the nonpaying party was determined to have acted in bad faith.

Pennsylvania Prompt Payment Requirements

20

DAYS

Prime Contractors

For Prime Contractors, progress payment must be made within 20 days of invoice. Final payment due within 30 days of final acceptance of project.

14

DAYS

Subcontractors

For Subcontractors, payment due by later of 14 days after payment received from above, or 14 days after receipt of invoice.

14

DAYS

Suppliers

For Suppliers, payment due by later of 14 days after payment received from above, or 14 days after receipt of invoice.

1%

/ MONTH

Interest & Fees

Interest at 1% per month. Penalty of 1% month for amounts withheld "wrongfully." Attorneys' fees to prevailing party.