September 2018

The Honorable [Name of your local State Senator or State Representative]

P.O. Box 30014

Lansing, MI 48909

Dear Senator or Representative,

As one of the over 2,000 member companies of the Construction Association of Michigan (CAM), I write today to respectfully ask that you support **Senate Bill 1121** entitled the **Michigan Construction Payment Act** currently pending in the Michigan Senate Commerce Committee. **S.B. 1121** is intended to promote and enforce the prompt payment for labor, materials, and services provided for the improvement of real property in the *private* contractual construction industry; to provide for certain commercial provisions; and to provide for certain remedies and penalties.

In today’s *private* sector construction industry there are a growing number instances where the intentional and unreasonable delay in paying for labor, materials and services accepted as complete and satisfactory by the recipient and ready for use and enjoyment by the consumer is becoming the standard practice of doing business. Delays of 120 days or more are not uncommon. As a result, the flow of funds to the contractors who perform the work is significantly inhibited, overall employment in the industry is stymied, future construction project costs increase and competitiveness in the market place is weakened.

In response to the problem, the proposed **Michigan Construction Payment Act** **(S.B. 1121)** provides for greater accountability, reasonable time periods for payment (i.e., 30 days for accepted work), and a proactive dispute resolution procedure. Additionally, our proposed bill provides permissible grounds to withhold payment under specifically delineated circumstances (e.g., unsatisfactory performance, failure to comply with the terms of the contract, defective construction, etc.).

On the federal level, Congress enacted the first Prompt Pay Act in 1982, which mandated prompt payment in contracts with the federal government. In 1988, Congress amended the Prompt Pay Act to include specific provisions relative to construction contracts. On the state level, prompt pay laws governing public contracts exist in all 50 states, including Michigan. Regarding the *private* sector, Michigan remains one of only a handful of states in the country without a prompt pay law for the *private* sector.

In closing, the **Michigan Construction Payment Act (S.B. 1121)** is a long-needed, pro-business, pro-construction, legislative solution to a chronic and growing business practice plaguing the *private* sector construction industry. Therefore, I strongly urge you to support **Senate Bill 1121**.

As always, the Construction Association of Michigan is available to answer any of your questions regarding the **Michigan Construction Payment Act (S.B. 1121)**, the concept of prompt pay in general or specific examples of where the absence of a prompt pay law for the *private* sector resulted in the loss of longstanding family businesses not to mention the loss of construction worker jobs. At your convenience, feel to contact Kevin N. Koehler, CAM President, at either (248) 972-1000 or koehler@buildwithcam.com.

Very truly yours,

Name

Owner / President

Company Name