

MINUTES OF THE HOUSE COMMERCE AND LABOR COMMITTEE

The meeting was called to order by Chairman Steve Brunk at 9:06 A.M. on March 19, 2007 in Room 231-N of the Capitol.

All members were present except:

Brenda Landwehr- excused
Delia Garcia- excused
Lana Gordon- excused
Ronnie Metsker- excused
Kasha Kelley-excused

Committee staff present:

Jerry Ann Donaldson, Kansas Legislative Research Department
Duston Slinkard, Office of Revisor of Statutes
Stephen Bainum, Committee Assistant

The Commerce and Labor Subcommittee Report on the SUTA Error Rate was passed out to the committee. The language of the report should be incorporated into SB 292.

The Chairman opened the hearing on **SB 333 - Fairness in public building construction contract act** by asking the committee for questions. This was a continuation of the hearing began on Friday, March 16, 2007.

Representative Pauls asked why we have separate bills. Bill Miller, representing the American Subcontractors Association said that the reason they did not do both of them at the same time two years ago was that they felt it was a pretty big hurdle to get over. They felt that the private side would be much easier so they did it first. Representative Pauls asked why they did not just amend the private bill to include the public. Bill said that it was recommended to them that they do the public side as a stand alone bill because in the other state houses they did them separately. In comparing the bills there is very little difference other than it is a public owner rather than a private owner. This bill allows an early finishing sub to receive payment for his part without having to wait for the others to finish. It also adds 15 days to the public entity for extenuating circumstances.

The Chairman asked someone to explain how the system works and where it is broken. Bill said that the standard process was that the Contractor sent his bill on the 25th of the month so that it can be submitted to the Owner by the first of the month with payment, hopefully on the 20th of the following month. So the Contractor is 30 days into the job before a bill is submitted and then he hopes to be paid by the 60th day of the job. The biggest problem is in school districts of getting paid on time. It is not unusual to be paid 45 to 60 days after the bill is submitted for payment. So you are 90 days into the job before you receive a penny on it.

The Chairman asked if the 18% penalty was consistent with private pay procedures. Bill said that was what all the suppliers charged if their bill was not paid.

Representative Grant asked if the amendment that Bob Totten recommended which would exclude the highway industry was a problem to anyone. Bill said that no-one should be excluded from paying on time. He was concerned with the term "related structures" saying that it was too broad a term. Corey Peterson said that he had no opinion on that since it was highway or "flat" work and he represented "vertical" or building construction.

Representative Pauls said that the private bill allows the use of binding arbitration. Why not on this bill? Bill Miller said that the public bill preserves the right to litigation. Corey Peterson, Associated General Contractors, said that the State indicated that they could not enter into binding arbitration in Contractor-Owner disputes.

The Chairman called for questions or comments from any proponent or opponent conferee. Seeing none the hearing was closed on **SB 333**.

The meeting was adjourned at 9:25 A.M.