

“HB 2173 – Construction Registry”

Testimony of Mike Gibson, Associated General Contractors of Kansas

Good Morning Mr. Chair and Committee Members of the House Judiciary Committee.

My name is Mike Gibson and I am the Executive Vice President of Associated General Contractors (AGC) of Kansas which is recognized as the **“Chamber of Commerce”** for the Commercial Construction Industry, representing over **225 Kansas General Contractors, Subcontractors and Suppliers and their 8,000 Kansas employees.**

AGC of Kansas is the largest and most diverse Kansas based Chamber of Commerce for the Commercial Construction Industry in the State of Kansas, representing both general contractors and subcontractors and suppliers.

Over the past few years AGC of Kansas has advocated the need to have a CONSTRUCTION REGISTRY that establishes an electronic registry that will be administered by the Kansas Secretary of State, who by the way agrees that this registry would be administered at a minimum impact to their office.

During the past few years AGC of Kansas has listened to concerns of industry groups that have opposed this legislation and over that time have worked hard to incorporate amendments to address these concerns. This session AGC of Kansas has heard concerns of subcontractors and suppliers that have direct subcontracts with the general contractors and we have exempted these firms out of HB 2173. Other amendments to HB 2173 include exemption for the highway & bridge contractors and exemptions for the residential industry. **HB 2173 ONLY APPLIES TO THE COMMERCIAL CONSTRUCTION INDUSTRY.**

This construction registry is needed because the commercial construction industry has evolved to where more and more subcontractors/suppliers are subcontracting out their construction services and these remote subcontractors/suppliers are extremely difficult for general contractors to identify in order to assure that all on this construction project are paid in full.

In addition, the evolution of the commercial construction industry has created an increase in subcontractor defaults and many national surety companies (see handout from AGC of America/Liberty Mutual) are looking to states to have enhanced payment processes to make sure that payments are expedited as quickly as possible. Currently, 23 states have implanted a construction registry to make enhancements to address these surety concerns (see handout of U.S. map listed other states that provide a construction registry).

AGC of Kansas believes that it is important to note that during the Fall 2012 Judiciary Council Subcommittee many of today’s opponents, including KCA, KRMA and ASA, not only made the motion but all voted to support an industry registry for the automotive industry. This automotive registry mirrors what AGC of Kansas is advocating through HB 2173. The question is why do these same opponents support a registry for the automotive industry but do not support a registry for the construction industry.

In closing, AGC of Kansas believes that the general contractor community is interested in making sure that all players on a construction project are paid and this construction registry will increase the awareness of all involved on a construction project on who is being paid.

The need for a construction registry is needed now because the payment processes are being challenged like we have never seen before because of the evolution of the marketplace in having multiple tier subcontractors/suppliers on commercial construction projects. We ask for your support of HB 2173.

Mr. Chair and Committee we have a couple of general contractors that will provide testimony on the need for a construction registry and these testimony reflect many contractor examples that continue to increase due to the evolution of our commercial marketplace.

Thank you for your time and leadership to the State of Kansas, AGC of Kansas appreciates your leadership.