



# **WESTERN EXTRALITE COMPANY**

**DISTRIBUTORS OF QUALITY ELECTRICAL AND VOICE/DATA PRODUCTS**

1470 Liberty • Kansas City, MO • 64102

February 14, 2013

To: The House Judiciary Committee

RE: HB 2173 Testimony

My name is Tim Carpenter and I am the Credit Manager for Western Extralite Company. The purpose of this testimony is to encourage you to vote against HB 2173. Western Extralite Company is a supplier of electrical and datacomm products to the construction industry. We have multiple locations, with eight locations in Kansas with approximately sixty Kansas employees and would definitely be negatively affected by a portion of this proposed legislation.

I have listed below several concerns we have for this bill:

1. There is already a bill in place to address this issue. HB 2064 was passed into law in 2003 and it provides a notice of intent to file a lien provision when extending the mechanic lien rights an additional 60 days. This should be more than sufficient to notify the contractor that there is the potential of a problem. The provisions of HB 2173 would require suppliers and other remote claimants file a notice of furnishing on every job in the state over \$5000. This is an unfair, time-consuming, and an expensive administrative burden to assess on suppliers.
2. If passed into law, HB 2173 is penalizing the wrong people. This would reduce the lien rights of the material supplier that has performed their duty and deserves to be paid for their material. They are not at fault for the subcontractor not performing their duty and should not be punished for the wrong doing of others.
3. The majority of distributors are small businesses and HB 2173 would force most to add staff in order to address what is essentially a commercial issue and that would not be productive for anyone. HB 2173 is an unfunded mandate on small business with little value to the general community.
4. Many times subcontractors will buy material without informing about its destination. The notice of commencement provisions would in fact add more expense by forcing all material suppliers in the state to pay someone to continually monitor the registrar of deeds in each county to which they may supply goods or services or risk losing their lien rights.

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5. Twenty-One days in an unreasonable amount of time to file a notice. Most of the time, General Contractors do not get their first draw from the owner till at least 60 days into the project. They control the flow of money and have ample time to do their due diligence on who is supplying material to the job and require the appropriate lien waivers.
6. There is also the question of how often does this problem occur. Do we really need more legislation for a problem that can be resolved with a little due diligence on the part of the general contractor? As stated before HB 2064 addresses this problem and construction costs are already high enough.
7. For the sake of fairness, if this HB 2173 moves forward, it should be amended to require the general contractor to provide all information necessary for filing a lien in return for the information they request. All subcontractors should be contractually required to provide a list of all suppliers to the general contractor who in turn would be required to mail via certified mail the notice of commencement that has been file stamped by the secretary of state. This would include the name and address of the owner, the legal description of the property where the project is located and all bonding information necessary to file a bond claim on public or bonded job. Also, that is when the time clock should start for the 21 days suppliers have to file their notice of furnishings.

Liens laws are extremely important in the industry but HB 2173 will cause more harm than good. It will increase the administrative work of the suppliers while providing little positive in return. At the end of the day, all in the community will pay because construction costs will go up. It is essentially a tax on the entire community. I would appreciate your vote against HB 2173.

Thank you.

Sincerely,

Tim Carpenter  
Credit Manager

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