

**Testimony by Tammi Schaible, Vice President
VTI Commercial Carpentry
Board Member of Eastern Pennsylvania Chapter Associated Builders and Contractors,
Inc.**

Good morning, my name is Tammi Schaible and I am the Vice President at VTI Commercial Carpentry, a family-owned, multi-state commercial construction provider based out of Bucks County, Pennsylvania. I am also a member of the Eastern Pennsylvania chapter of the Associated Builders & Contractors.

While the previous example of a subcontractor waiting four months to receive payment for services rendered may seem staggering, it is unfortunately an all-too-accurate example of standard practices in the construction industry these days. The construction industry, just like nearly every other industry nationwide, is mainly comprised of small businesses. Payment terms that grow longer and longer, and the perpetual chain of invoicing from supplier to subcontractor to general contractor to owner and back again provide an unsustainable business model for many construction providers. While Pennsylvania currently has protections in place like CASPA and the Mechanic's Lien Law, which are meant to protect the rights of construction parties and ensure reasonable terms, they often do little to enforce the rights of the smaller party and ensure a level playing field during negotiations. It is not uncommon for a small subcontractor or supplier to enter into an unreasonable construction contract with absurdly long payment terms simply because he or she cannot afford to decline such a large contract. It is this practice by large-scale, national retailer owners to buy significantly extended and burdensome payment terms with multi-million dollar contracts that falls into a legal loophole in Pennsylvania.

Because our unique role as a free enterprise-based construction trade association, ABC is particularly positioned to address this growing issue within the industry. Our representation of general contractors, subcontractors, suppliers and associates ensures that each party has an equal voice and is well-represented as an integral part of the construction process. The previous example not only exposes the difficulties of construction entities in the payment process, but also highlights the invaluable role that each entity plays in a successful construction process. Each link in the chain is as vital as the next and any disruption in payment similarly causes exponential difficulty for each party.

I hope that our testimony today has been helpful in your consideration of the Contractor and Subcontractor Payment Act and the practical application of payment in the modern construction environment. We would like to thank you for your time and your consideration of this vital issue and would be happy to answer any questions you have.