



3100 Humboldt Ave S
Minneapolis, MN 55408

March 12, 2025

Support for HF 1234/SF 1714

Dear Chair Nash and Members of the State Government Finance & Policy Committee,

Thank you for the opportunity to express our opinions regarding HF1234.

The Electrical Association is a trade organization of over 250 electrical contractors located throughout the state of Minnesota. Two thirds of our membership have 7 electricians or less. Eighty-five percent of our membership have less than 20 employees. We provide support to these small businesses by offering an association health plan, multiple employer 401K plan, apprenticeship training, continuing education, and government advocacy.

Several years ago, Electrical Association was successful in advocating for clear deadlines on payment of retainage.

We have learned that some public projects are using their project software to prevent subcontractors from invoicing for work performed. SF 1714/ H 1234 seeks to create payment transparency and prohibit this practice.

This bill enhances payment transparency and fairness for public improvement and building construction contracts in Minnesota by providing clarity and transparency regarding payment notifications and removing barriers to invoicing.

This language will provide the transparency small businesses need to invoice after substantial completion and when additional cash flow will be released to aid in planning for future projects.

Ideally, this will result in a smoother process for both contracting authorities and contractors alike.

Best regards,

A handwritten signature in black ink that reads "Michelle Dreier".

Michelle Dreier

Director of Membership & Government Affairs



March 12, 2025

Chair Jim Nash
State Government Finance and Policy Committee
Centennial Office Building
658 Cedar Street
Saint Paul, MN 55155

Chair Nash and Committee Members:

Associated General Contractors of Minnesota (AGC of MN) is a construction industry trade association that promotes opportunity and excellence in the building and road construction industries. AGC of MN appreciates the opportunity to engage on H.F. 1234. We understand the conversation is ongoing with our construction partners on the crux of the bill surrounding pay notification and support the concept. For the record, we want to identify one area that needs to be addressed regarding invoicing, which is the added language in Subd. 2(i) of 15.72 and Subd. 4(i) of 337.10. *“A contract, management system, or procedure that restricts, delays, or prohibits a party from submitting an invoice is contrary to public policy and is void and unenforceable.”*

The language is overbroad and would create unintended consequences. This provision is not in line with industry standard financial controls on projects (private or public). For example, it is not uncommon for a contract to say that an invoice for additional work cannot be submitted either by a prime contractor to the project owner or by a subcontractor to an upper-tier or prime contractor unless there is an executed Change Order approving that work. This term could be considered “a contract... that restricts, delays, or prohibits a party from submitting an invoice is contrary to public policy and is void and unenforceable.”

Our belief - and industry best practice - is that an invoice needs to be submitted in accordance with the contract's legitimate payment terms (e.g., providing back-up documentation, lien waivers, approved change orders, etc.).

Thank you for your consideration as the conversation continues.

Sincerely,

A handwritten signature in black ink that reads "Laura Ziegler".

Laura Ziegler
Director of Highway/Heavy and Government Affairs



March 12, 2025

Chair Nash and Committee Members,

On behalf of the MN Contractors of the National Electrical Contractors Association and the MN Mechanical Contractors Association, I write to support H.F. 1234 payment transparency required in public contracts.

The Pay Transparency Act will increase transparency, improve collaboration, and speed up payment times to construction subcontractors left in the dark about when the payment for their work is coming. It requires public owners to notify project participants when payments are made & allows subcontractors to submit timely invoices. Many construction subcontractors have unfortunately been on a project where they complete their portion of work, but don't receive payment in a timely fashion. This is despite public owners making payments that are intended to pay for the portion of work completed. This uncertainty about when subcontractors will get paid, especially small business subcontractors, can harm their ability to take on new projects and avoid financial loss.

Thank you for your consideration of H.F. 1234 and this letter of support.

Ryan SanCartier
Government Affairs Director
MN Mechanical Contractors Association
MN Contractors - National Electrical Contractors Association

Support The Payment Transparency Act

HF1234 / SF1714

Summary – The Payment Transparency Act ([HF1234](#) / [SF1714](#)) will increase transparency, improve collaboration, and speed up payment times to small businesses. It ensures public owners notify project participants when payments are made & allows businesses to submit timely invoices.

Chief Authors: Rep. Scott ([HF1234](#)) & Sen. Johnson Stewart ([SF1714](#)) & bipartisan co-authors

Current Problem

- **Lack of Transparency on Public Projects:** Opaque payment practices leave small businesses struggling to know when they should be paid.
- **Financial Risk for Small Businesses:** Without knowing when payments are made, small businesses face severe challenges in planning and cash flow.
- **More Administrative Burdens:** Subcontractors are being required to report to owners the payments they receive – it's agency centric & adds reporting burdens for all.
- **Unfair Billing Restrictions:** Current contract terms & software settings stop subcontractors from billing upon completing their work – it's unfair and delays the payment further.

Bill Provisions

- **Simple Notification:** Agencies notify contractors of project payments (MN§15.72).
- **Use of Existing Data:** Agencies use the contact information already collected.
- **Easy Implementation:** Notifications can be sent via an email.
- **Allows timely invoicing:** Removes invoicing barriers (MN§15.72 & MN§337.10).

Public Benefits

- **Accountability:** Ensures public funds are managed & allocated transparently.
- **Streamlined Processes:** Saves time for contractors & agencies.
- **Predictable Payments:** Helps small businesses plan cash flow.
- **Reduced Disputes:** Transparency encourages timely payment & reduces conflict.
- **Basic Fairness:** When a business completes their work, they should be able to invoice for it.

Support The Payment Transparency Act

HF1234 / SF1714

Supporting Associations

1. MN Subcontractors Association
2. MN Nursery and Landscapers Association
3. MN Electrical Association
4. MN Mechanical Contractors Association
5. National Electrical Contractors Association - MN Chapter
6. National Fire Sprinkler Association (Region 15)
7. Sheet Metal, Air Conditioning & Roofing Contractors Association
8. Thermal Insulation Contractors Association
9. MN Painting and Wall Covering Employers Association
10. MN Floor Covering Contractors Association
11. MN Environmental Contractors Association
12. MN Drywall and Plaster Association
13. Twin Cities Roofing Contractor Association
14. MN Water Quality Association
15. Independent Millwright Contractors Association (MN)
16. MN Plumbing Heating Cooling Contractors Association