

Support - Payment Transparency

HF1234 / SF1714

The Payment Transparency Act: Creates payment transparency on public construction projects and helps small businesses get paid on time.

Chief Authors: Chair Peggy Scott (R) & Senator Johnson Stewart (D)

w/ bipartisan co-authors in both bodies

Current Problems

- **Lacking Payment Transparency on Public Projects:**
 - Opaque payment practices leave small businesses struggling to know when they should be paid.
 - **Financial Risk for Small Businesses:**
 - Small businesses face severe cash flow problems.
 - **Unfair Invoicing Restrictions:**
 - Management Systems stop Subcontractors from submitting timely invoices for their work – delaying payment even longer.
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The Bill

1. **Streamlines Payment Information Requests:** Upon a Subcontractors request, a Public Owner must notify the Subcontractor of payments made on the project. *MN§15.72*
 2. **Allows Timely Invoicing:** Stops systematic invoicing barriers that slow payments to small businesses & protects prompt pay rights. *MN§15.72 & MN§337.10*
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Public Benefits = Increased Accountability & Basic Fairness

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



3100 Humboldt Ave S
Minneapolis, MN 55408

March 9, 2026

Support for HF 1234/SF 1714

Dear Members of the State Government Finance & Policy Committee,

Thank you for the opportunity to express our opinions regarding SF1714.

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 tailored education, effective advocacy, business supports and a supportive community.

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 or otherwise delaying payment. 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
Electrical Association

Empowering Contractors



Minnesota Nursery & Landscape Association

1813 Lexington Ave N | Roseville, MN 55113
651-633-4987 | Fax 651-633-4986 | www.MNLA.biz

RE: Support for HF 1234 & Payment Transparency

Dear Members of the State Government Finance and Policy Committee,

The Minnesota Nursery & Landscape Association and its more than 1,000 business members fully support the provisions in HF 1234. This proposal addresses long-standing payment transparency issues on public construction projects and is a step in the right direction to ensure small businesses are paid in a fair and timely manner.

Opaque payment practices have made it difficult for subcontractors—particularly small businesses—to determine when payments have been made and when they should expect to be paid. This uncertainty creates unnecessary financial strain and places small employers at significant risk.

Small businesses often operate with limited cash reserves and depend on prompt payment to meet payroll, pay suppliers, and sustain operations. Delays caused by unclear payment processes or restrictive management systems can severely disrupt cash flow and threaten the viability of these businesses.

FH 1234 offers practical, commonsense solutions by:

- Streamlining Payment Information Requests
- Removing Barriers to Allow Timely Invoicing

These improvements promote increased accountability, transparency, and basic fairness in public contracting. Taxpayer-funded projects should reflect high standards of integrity and efficiency. Ensuring that small businesses are paid promptly strengthens our local economies, protects jobs, and fosters a more competitive and inclusive marketplace.

I urge members of the Committee to please stand with small businesses and support HF 1234 to bring more transparency and fairness to public construction projects.

Thank you for your hard work and continued service.

Sincerely,

Felipe Illescas
Minnesota Nursery & Landscape Association
(612) 418-5382
felipe@mnla.biz

A handwritten signature in black ink, appearing to read 'Felipe Illescas', is written over a large, dark, scribbled-out area at the bottom of the page.



March 23, 2026

RE: HF1234 Public Contract Payment Transparency Requirements

Members of the House State Government Finance and Policy Committee.

The Minnesota Chapter of the National Fire Sprinkler urges your support for HF1234 as amended.

The payment transparency bill is particularly needed for small subcontractors who operator without large cash reserves. Long delays in payments after work has been completed not only causes financial strain but may prevent some from being able to take on additional jobs.

Passage of this bill will result in fairness, making sure subcontractors are paid in a timely manner after the public entity makes its payment to the general contractor.

Thank you for your consideration.

Sincerely,

Tom Brace
National Fire Sprinkler Association, Minnesota Coordinator
(651) 644-7800, brace@nfsa.org
1433 Idaho Ave, Falcon Heights, MN 55108



March 24, 2026

Support for HF1234 (Scott) Payment Transparency Required in Public Contracts

Co-Chairs Nash and Klevorn and Members of the State Government Finance and Policy Committee,

Thank you for taking time again to hear HF1234 and to discuss this issue. On behalf of the 120 union contractor members of the Minnesota Mechanical Contractors and the nearly 100 Minnesota members of the National Electrical Contractors Association (NECA), we write in support of HF1234, payment transparency required in public contracts. Our membership represents many of the subcontractors who would benefit directly from increased transparency in and access to the payment process.

Many construction subcontractors complete their work according to pre-determined and agreed upon timelines but are not paid until weeks, months, and sometimes years after their responsibilities in the project have been fulfilled. Subcontractors are often dependent on these payments to ensure ongoing business operations and the ability to begin new projects.

This legislation takes a meaningful step towards increased transparency in the payment process by ensuring subcontractors have access to payment information within seven days of their request.

We thank Rep. Scott for her work on this legislation and urge your support.

Ann Lindstrom

Director of Government Affairs

Minnesota Mechanical Contractors Association

Twin Ports-Arrowhead Chapter NECA

Dakotas Chapter NECA

Twin Cities Chapter NECA