THE LUMBER DEALERS ASSOCIATION OF CONNECTICUT

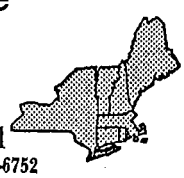
Testimony of Gregory Branecky

On Behalf of the
Lumber Dealers Association of Connecticut
Before the Joint Committee on Judiciary
12:00 PM, Friday, March 17, 2006
Room 2C, Legislative Office Building
Hartford, Connecticut

Good afternoon. My name is Greg Branecky and I am the General Manager of The Hatch & Bailey Lumber Co. I am also here today as the Treasurer and Legislative Committee member of the Lumber Dealers Association of Connecticut (LDAC), which is comprised of nearly 100 retail lumber dealers and associated businesses. Our membership is largely made up of independent, family owned businesses that have been operating in this state for nearly a century. My own company was established in 1872 and has locations in Stamford and Norwalk. I employ over 52 Connecticut residents.

I am here today to express the Association's strong desire to AMEND: *Senate Bill 666, "An Act Concerning Municipal Liens for Accrued fines and Certain Code."*

Senate Bill 666 allows municipalities to place liens on real property where there are unpaid municipal fines. The liens would have a super-priority and have the same status as Tax Liens. The Municipal Lien would immediately take priority position over all other liens, including Mechanics' Liens. The bill also significantly increases municipal fines, which when combined with the super-priority position, could diminish the equity in real property and therefore, reduce the security interest provided by Mechanics' Liens.



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Building material suppliers have been given the statutory protections of Mechanics' Liens because of our tenuous position in the financial cycle of construction. Typically, we provide the materials for construction, the property owner receives the funds from the lending institution, payments are made to the contractor and the building material supplier is the last to be compensated. The building material supply industry is in the unique position of supplying their products without any payment at the time of pick up or delivery.

LDAC understands and supports municipalities' right to exercise authority over code violations and their desire to create this new lien as a means of debt collection. However, the super priority provision of this bill puts building material suppliers at risk of losing investments made into a particular piece of real property. After a building material supplier has done due diligence by filing the necessary paper work, following the stringent time line, a Municipal Lien will supersede the building material supply industry's tool of last resort to collect debt.

LDAC respectfully urges the Committee to consider our request and amend the bill to remove the priority status of the Municipal Liens. The credit that LDAC members extend helps to bring buildings up to code, build first homes, and construct new schools. As currently drafted, this bill could not only hurt my business, but could ultimately hurt all of our communities by forcing building material suppliers to restrict the amount of credit extended to our customers.

If the priority status were amended in Senate Bill 666, LDAC would retract all opposition. We have draft language and would be willing to work with all parties to devise a compromise to this issue.

Again, I appreciate the opportunity to speak to you today on this important legislation and respectfully request the Committee to support the retail lumber and building material supply industry and amend the super priority position of Municipal Liens in Senate Bill 666.

At this time, I would be happy to answer any questions you may have.