



**TESTIMONY  
JENN JENNINGS  
EXECUTIVE DIRECTOR  
CT PLUMBING, HEATING & COOLING CONTRACTORS ASSOCIATION  
BEFORE THE  
GENERAL LAW COMMITTEE  
FEBRUARY 16, 2010**

The Connecticut Plumbing, Heating and Cooling Contractors Association (CT-PHCC) **supports the intent of SB-131, An Act Concerning Retainage.**

Lowering the retainage amount in construction contracts from 7.5% to 5% will go a long way toward freeing up cash flow for the state's plumbing, heating and cooling contractors so they can invest in new equipment and/or hire additional workers.

Historically, the amount of retainage was established to match the contractor's expected profit. Given that in today's construction on market, the average anticipated profit is between 2% - 5%, it makes sense to lower this amount. Retainage amounts in excess of profit margins impose an undue financial burden on contractors.

Many of our members are also finding that retainage is held back for too long, well beyond the completion of the construction work. This results in many lost opportunities because contractors may not have the capital to hire additional journeymen to bid on new jobs or purchase equipment and materials needed to do other jobs. With some companies going out of business or filing for bankruptcy during this economic cycle, this creates uncertainty regarding whether retainage will ever be paid back.

Owners have other effective means of withholding reasonable amounts until a subcontractor's work is satisfactorily completed. For example, reasonable amounts can be withheld, per item, for uncompleted punch list items.

Lowering the retainage amount will also attract more bidders for public projects and lower overall project costs. In fact, the federal government no longer holds retainage on construction projects where satisfactory performance is being achieved and has proven that elimination of retainage works. **We therefore urge your support for SB-131.**

*CT-PHCC is a not-for-profit trade association that represents the professional plumbing, heating and cooling contractors in the state of Connecticut. CT-PHCC and its members are committed to protecting the health and safety of the public. Contractors who belong to the association have demonstrated reliability and trustworthiness and are licensed by the state of Connecticut.*