

**Testimony of  
The Lumber Dealers Association of Connecticut  
Before the Legislature's Judiciary Committee  
10:00 AM, Friday, April 8, 2011, Room 2C,  
Legislative Office Building, Hartford, Connecticut**

Good morning. My name is Marshall Collins. I am the Counsel for Government Relations for the Lumber Dealers' Association of Connecticut ("LDAC"). LDAC represents more than 100 independent lumber and building material dealers, manufacturers, wholesalers, distributors, and other associated small businesses in this state that employ 2,450 Connecticut residents and account for over \$1 billion in annual sales revenue.

**LDAC cannot support HB 6644 AAC Priority Of Mechanic's Liens as it is currently written.**

As material suppliers, LDAC members are in a unique position of risk in a home improvement or construction project in that they provide labor and materials usually on some basis of credit. Yet they cannot take back the materials if they do not get paid. Mechanic's liens address this risk by offering some degree of protection to recover payment for materials supplied or labor performed. In the current economy, mechanic's liens provide an essential protection for material suppliers, like LDAC members.

**HB 6644 would erode the effectiveness of this important risk protection tool.**

There are several problems with HB 6644.

- First, it would require the filing of a "Notice of Commencement of Work" to establish the priority of a mechanic's lien. This would constitute an enormous administrative and financial burden to material suppliers like LDAC members. One LDAC member wrote 44,758 orders for building materials in 2010 alone. If they had to pay the \$50 filing fee for the first page of the notice of commencement of work, on each project, as HB 6644 requires, the financial and administrative cost to that one company would be devastating.
- Second, the material supplier has no way of knowing when the contractor actually started work on the project.
- Third, if HB 6644 allows a higher priority for some mechanic's liens versus other, that would seem to erode the protection that LDAC members currently have, inasmuch as their lien relates to the time of the delivery of the building materials.

The Connecticut housing and construction market continues to be seriously depressed, with full recovery not likely within the foreseeable future. Any measure that diminishes essential security interests of LDAC members will put even more businesses in their industry out of business. Consequently, although well intentioned, HB 6644 does more harm than good.

LDAC cannot support a proposal which moves their security interest down the priority list. LDAC cannot support a proposal which requires an additional financial or administrative cost to perfect their security interest.

**Consequently, LDAC respectfully requests that HB 6644 not be favorably reported as written.**

This concludes my testimony. Thank you for your consideration.