

May 25, 2018

The Honorable Thomas V. Mike Miller
President of the Senate
State House
Annapolis, Maryland 21401

The Honorable Michael E. Busch
Speaker of the House
State House
Annapolis, Maryland 21401

Dear President Miller and Speaker Busch:

In accordance with Article II, Section 17 of the Maryland Constitution, I have vetoed Senate Bill 572 and House Bill 1243 – *Prevailing Wage Rates – Public Work Contracts – Suits by Employees*.

Since taking office, our administration has been committed to ensuring Maryland is open for business and growing the state's economy. We have made significant progress and continue to undo years of overregulation, tax increases, and an anti-business attitude that have had a devastating impact on Maryland's economy and limited our ability to compete regionally and nationally. Maryland's workers and small businesses deserve a consistent and predictable business climate.

Unfortunately, this legislation is an inconsistent reversal of an action passed by the Maryland General Assembly action from just a few years ago. In 2010, the legislature passed House Bill 1100 and Senate Bill 451 *Prevailing Wage Rates – Public Works Contracts – Suits by Employees* – that explicitly reversed a workers' ability to sue for recovery of unpaid wages under the State's prevailing wage law without first filing a complaint with the Commissioner of Labor and Industry. Only after an employer failed to comply could a worker file a civil suit. This will ultimately limit a workers' ability to fully recover wages and hamper our administration's efforts to recover one hundred percent of what workers are owed. Given my Administration's strong record of wage recovery, I can only assume that the General Assembly was not fully informed when it passed this law.

Senate Bill 572 and House Bill 1243 allow a worker paid less than the prevailing wage on a public works project to circumvent the Commissioner of Labor and Industry and sue to recover the difference in wages. The bill also includes a provision

holding the general or prime contractor and subcontractor jointly and severally liable for any violation on the part of the subcontractor. This legislation is attempting to solve a problem that does not exist. Nothing in this bill will result in workers receiving their full wages more quickly, but will most likely result in excessive civil proceedings for contractors relating to allegations of improper payment made by a subcontractor's employee without any requirement to file a claim with the Commissioner.

The Department of Labor, Licensing, and Regulation successfully enforces the Prevailing Wage law with a record of swift action and full recovery of wages for workers. Under current law, an employee is allowed to bring a private court action to recover lost wages, but requires the Commissioner to investigate and attempt to resolve the claim first. The current Prevailing Wage system has successfully resolved every case since 2012 without the need to go to court. The system is zero cost to workers and they are awarded the full amount of what they are owed – no fees are withheld by the Prevailing Wage unit for handling the claims. Complaints are resolved quickly and there are no backlogs or waiting lists to process claims.

This legislation will negatively impact the Department's ability to investigate wage payments and harm the interests of workers on Prevailing Wage jobs. Ultimately, having employers subject to both Department of Labor, Licensing, and Regulation investigations and civil proceedings over the same issue is unnecessary and burdensome.

For these reasons, I have vetoed Senate Bill 572 and House Bill 1243.

Sincerely,

Lawrence J. Hogan, Jr
Governor