

**BRIAN E. FROSH**  
*Attorney General*



**ELIZABETH F. HARRIS**  
*Chief Deputy Attorney General*

**CAROLYN QUATTROCKI**  
*Deputy Attorney General*

**STATE OF MARYLAND**  
**OFFICE OF THE ATTORNEY GENERAL**

FACSIMILE NO.

WRITER'S DIRECT DIAL NO.

410-576-6584

January 28, 2021

To: The Honorable Dereck E. Davis  
Chair, Economic Matters Committee

From: Hannibal G. Williams II Kemerer, Esq.  
Office of the Attorney General

Re: HB0037 – Procurement – Prevailing Wage – Applicability – **Support**

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The Office of the Attorney General urges the Economic Matters Committee to favorably report HB 37, Delegate Valderrama's legislation to lower the threshold of State funding on public works projects triggering the prevailing wage rate from 50 percent to any amount, and to reduce the contract value necessary to trigger the prevailing wage from \$500,000 to \$250,000. So as not to run afoul of federal prevailing wage requirements, the bill wisely retains the federal prevailing wage on contracts for which the federal government provides money "if, as to that part [of the contract], the contractor is required to pay the prevailing wage rate as determined by the United States Secretary of Labor." *See* Sec. 17-202, Art. State Finance and Procurement.

Prevailing wage laws are based on the premise that "government, as a major buyer in the construction sector, should not act to drive down wages."<sup>1</sup> Prevailing wage laws generally require contractors on public works projects to pay their workers at least the locally prevailing wages and fringe benefits paid on similar projects in the area. The benefits of such laws are numerous. They "can enhance state tax revenues, industry income, and non-wage benefits for workers; lower future maintenance and repair costs; reduce occupational injuries and fatalities; and increase the pool of skilled construction workers—to the benefit of both the public and the construction industry."<sup>2</sup>

In short, prevailing wage laws protect workers and improve the economy. We, therefore, urge a favorable report on HB 37.

cc: Committee Members

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<sup>1</sup> Nooshin Mahalia, Prevailing wages and government contracting costs: a review of the research, Economic Policy Institute (Jul. 3, 2008).

<sup>2</sup> *Id.*

