

March 30, 2023

The Honorable CT Wilson, Chair
The Honorable Brian Crosby, Vice Chair
House Economic Matters Committee
House Office Building Room 231
Annapolis, Maryland 21401

SB 170 – Energy Generation Projects – Required Labor Standards
Testimony of Steve Lanning, LiUNA

Position – Favorable

Thank you Chair Wilson and Vice Chair Crosby and members of the Committee for the opportunity to testify in support of SB 170.

My name is Steve Lanning. I am the Business Manager of Laborers' Local 11, an affiliate of the Laborers' International Union of North America, or LiUNA for short. The Local 11 represents more than 3,500 members across Maryland, Virginia, and the District of Columbia. Our members are proudly employed on many infrastructure construction projects across the region. More than half of our members are Maryland residents.

LiUNA supports SB 170 and its establishment of prevailing wage on energy generation projects. As the state of Maryland shifts to a green economy and away from fossil fuels, it is essential that the jobs created by the transition are quality jobs with benefits. Prevailing wage standards are especially important because energy developers and construction contractors sometimes engage in business practices that do not promote quality jobs for local residents or opportunities for local businesses. These practices include: use of a traveling workforce, effectively boxing out opportunities for local employment; reliance on temporary staffing agencies whose workers are paid wages so low they receive federal food assistance and Medicaid benefits; and misclassification of workers as 1099 independent contractors to avoid payroll taxes.

Moreover, extending the state's prevailing wage to energy generation aligns with the General Assembly's goal to create quality infrastructure jobs. Economic analysis of the legislation reveals that labor costs are only 5% of the total cost of energy development projects. Those costs are capitalized over the useful life of the project. Consequently, this legislation will have no impact on retail energy rates. Attached to my testimony is a brief summary of a cost analysis prepared by Pinnacle Economics supporting the de minimis impact of prevailing wage on the costs of renewable energy projects.

If SB 170 becomes law, Maryland would be joining other states like Illinois, Connecticut, New Jersey, Oregon, Washington, Minnesota, and New York that have already passed laws to establish prevailing wages on energy projects. Finally, SB 170 aligns with President Biden's goals in the Inflation Reduction Act of 2022, which provides enhanced tax benefits for a range of clean energy projects that pay prevailing wage.

LiUNA urges the committee to vote favorably on SB 170.