



February 15, 2023

The Honorable Melony Griffith, Chair
Senate Finance Committee
Miller Senate Office Building, 3 East
Annapolis, MD 21401

Oppose: SB 337 – Utility Contractors – Employment and Licensure

Dear, Chair Griffith and Committee Members:

The NAIOP Maryland Chapters represent more than 700 companies involved in all aspects of commercial, industrial, and mixed-use real estate. NAIOP's member companies appreciate the opportunity to offer comments and concerns on SB 337.

SB 337 expands the scope of prevailing wage on utility construction projects by removing the requirement that the projects be federally funded in order to be covered by the prevailing wage and work rules. The change means that prevailing wage now would apply to *"a project **undertaken** by an investor-owned electric company"* (pg. 1 line 20) It is unclear what *"undertaken"* means and whether our land development work to prepare the site for utility installation is covered by the bill's labor requirements.

During land development, NAIOP members enter into a utility service agreement with utility providers. Under the agreement the private development company prepares the site for utility installation by the utility company. The developer's contractors build underground vaults, conduit, and concrete pads. The utility company then does the final installation of transformers, pipes, and wires.

The Fiscal Note describes the small business impacts as follows: *"Complying with the bill's wage and labor standards record keeping and certification requirements is likely to meaningfully impact small contractors and subcontractors working on covered projects as well as small business renewable energy developers who may otherwise seek to construct a covered generating station."*

It is one thing to apply the provisions of SB 337 to a public utility that can socialize and recover the costs through user rates but applying the provisions of the bill to private development would, in our opinion, be burdensome.

Many of NAIOP's member companies have in-house construction divisions, others have long-standing relationships with third-party construction contractors that could be disrupted by applying SB 337 to construction activities associated with providing utility service to private development projects.

Should the committee decide to move SB 337 NAIOP requests that the committee take steps to narrow its scope.

Sincerely,

A handwritten signature in blue ink that reads "T.M. Ballentine".

Tom Ballentine, Vice President for Policy
NAIOP Maryland Chapters - *The Association for Commercial Real Estate*

cc: Finance Committee Members
Nick Manis – Manis, Canning Assoc.