



The Voice of Merit Construction

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February 22, 2024

To: House Economic Matters Committee
From: Associated Builders & Contractors
RE: HB 397 - Public Utilities – Thermal Energy Network Systems –
Authorization and Establishment (Working for Accessible Renewable
Maryland Thermal Heat (WARMTH) Act)
Position: Unfavorable

Associated Builders and Contractors (ABC) represent more than 1500 construction and construction-related companies through its four Maryland chapters. Our members believe in the tenets of free enterprise, investing in their workforce and giving back to the communities in which they live, work and play.

House Bill 397 would require each gas company to develop a plan for a pilot thermal energy network system or systems on or before October 1, 2024; requiring each gas company to submit a certain proposal or proposals to the Public Service Commission for approval on or before July 1, 2025; authorizing a municipal corporation, county, or community organization to submit neighborhoods to gas companies for consideration as part of a pilot system.

ABC opposes HB 397, our primary concern with the legislation is around the provisions that would require community benefit agreements (CBA). CBA's impose substantial financial burdens on contractors, particularly smaller and minority-owned businesses, by mandating higher wages and strict compliance measures. These additional costs make projects less economically viable and, in many cases, prohibitively expensive, ultimately deterring investment in communities. While we understand the intentions behind community benefit agreements to promote community development and inclusion, we believe that the current framework outlined in the proposed legislation poses significant challenges and drawbacks for contractors, subcontractors, and ultimately, the communities they serve.

ABC appreciates your consideration and, for these reasons, respectfully requests a **unfavorable** report on House Bill 397.

*Martin "MJ" Kraska
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