



# Maryland

## Energy Administration

**TO:** Chair Wilson, Vice Chair Crosby, and Members of the Economic Matters Committee  
**FROM:** MEA  
**SUBJECT:** HB 682 - Energy Generation Projects - Labor and Minority Business Enterprise Requirements  
**DATE:** February 15, 2024

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### **MEA Position: LETTER OF INFORMATION**

This bill would require prevailing wage and other employee protections for covered energy generation projects in excess of 1 megawatt.

Under Chapter 545 of the 2023 Laws of Maryland the Maryland legislature created the Task Force to Study Solar Incentives. Meetings were held throughout 2023 into early 2024 with the aim of studying the impacts of solar energy in Maryland and ensuring that the state meets the solar energy goals established in the State's renewable energy portfolio standard.

One recommendation that came from that task force was to require the State to adopt into code the federal prevailing wage charges as put forth in the Inflation Reduction Act (IRA) for projects exceeding 1 megawatt. Specifically, to receive increased credit and deduction amounts under the IRA, workers must be paid the local prevailing wage, defined in accordance with Department of Labor standards, for work on facility construction, as well as for alterations and repairs in a five-to-twelve-year period, depending on the credit, after a facility is placed in service. The IRA also establishes punishments and penalties for non-compliance. Thus, the task force adopted a recommendation that the Maryland code should be modeled after the language from the IRA (H.R. 5376, Subtitle D, Part 1, provision f).

However, in addition to its benefits, the bill may raise constitutional concerns. This legislation requires provisions of the MBE program to be applied to PSC's energy generation projects. Efforts to apply race-conscious remedies like the MBE program to nascent industries require a predicate study/disparity analysis to determine whether significant disparities exist for minority and women-owned businesses operating within that industry and a determination as to whether those disparities are more likely than not attributable to marketplace discrimination. This bill incorporates findings from the 2017 Disparity Study, but data related to these projects was not collected or evaluated as part of that Study. This industry data is also not included in the Disparity Study that is currently underway and will be published later this year.

Our sincere thanks for your consideration of this testimony. For questions or additional information, please contact Landon Fahrig, Legislative Liaison, directly ([landon.fahrig@maryland.gov](mailto:landon.fahrig@maryland.gov), 410.931.1537).