

HB 682 Support.pdf

Uploaded by: Balfour Albacarys

Position: FAV

INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS - LOCAL UNION No. 24

AFFILIATED WITH:

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Baltimore Port Council
Baltimore Metro Council — AFL-CIO
Central MD Labor Council — AFL-CIO
Del-Mar-Va Labor Council — AFL-CIO
Maryland State - D.C. — AFL-CIO
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Written Testimony of

Rico Albacarys, Assistant Business Manager, IBEW LOCAL 24

Before the

House Economic Matters Committee On

HB 682 Energy Generation Projects – Labor and Minority Business Enterprise Requirements

Support

February 13, 2024

Chairman Wilson and Committee Members,

Thank you for the opportunity to submit my testimony in **support** of House Bill 682. My name is Rico Albacarys and I'm an employee and member of the International Brotherhood of Electrical Workers Local 24, in Baltimore.

Maryland is at a crossroads in its future of energy generation, transmission and storage. The State has the resources and foresight to improve our energy grid for future generations. This can and should be done, while considering the needs of workers and minority owned businesses. HB 682 accomplishes all this and more.

The wage standards in the bill are vital, making sure the energy jobs of the future will be the family sustaining jobs of the future. This legislation contains MBE goals to ensure all of our citizens take part and benefit from these projects. All of this while addressing Maryland's current and future needs for energy infrastructure.

This is why I'm asking you to give HB 682 a **favorable** report.

Sincerely,

Rico Albacarys
Assistant Business Manager

LiUNA Fav HB682

Uploaded by: Bill Kress

Position: FAV

February 15, 2024

**HB682 – Energy Generation Projects - Labor and Minority
Business Enterprise Requirements**

Testimony of LiUNA

Before House Economic Matters Committee

Position – Favorable

Thank you Chair Wilson and members of the House Economic Matters Committee for the opportunity to offer written testimony in support of HB682.

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 HB682 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 HB682 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, HB682 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 HB682.

The Impacts of Prevailing Wages on the Total Costs of Maryland Renewable Energy Projects

Executive Summary

Introduction

The Baltimore-DC Building Trades (“BDCBT”) retained Pinnacle Economics, Inc., (“Pinnacle”) to evaluate how a prevailing wage requirement for construction trades working on renewable energy projects in Maryland would affect total project costs on the following types of renewable energy projects: 1) utility-scale and commercial solar, 2) land-based wind, 3) geothermal, and 4) energy storage (batteries).

To provide maximum context and avoid any confirmation bias, this analysis includes a broad array of renewable energy technologies, regardless of whether they will be covered by labor standards or, in the case of offshore wind power, already are included or covered by labor standards.

Key Findings

The additional costs to ratepayers of extending Maryland’s prevailing wage law to non-residential solar, land-based wind, geothermal, and energy storage projects that are 2 MW or greater is negligible.

This is due, primarily, to the cost structure of renewable energy projects, where total project costs are most heavily influenced by equipment costs, including electrical and structural balance of system (“BOS”) costs,¹ and less influenced by install labor costs which generally represent 10 percent or less of total project costs. As shown in the first section (shaded in dark gray) of Table ES1, for example, install labor costs represent 3.02 percent of total project costs for a 50 MW geothermal binary plant and 10.89 percent of total project costs for a utility-scale solar (photovoltaic or “PV”) facility using one-axis solar technology. These cost estimates are derived using detailed, objective, industry-derived cost data from the National Renewable Energy Laboratory (“NREL”) and other government or industry sources.

The second section (shaded in light gray) of Table ES1 reports how changes in install labor costs affect total project costs. For example, install labor costs represent 6.21 percent of total project costs for utility-scale, land-based wind. Thus, every one percent increase in install labor costs translates into a 0.06 percent increase in total project costs. Based on a prevailing wage

¹ For example, for utility-based solar, modules, inverters, and BOS account for between 55-65 percent of total project costs, depending on the type of solar technology. For land-based wind, equipment costs (rotor, nacelle, and tower) account for 69 percent of total project costs.

² A hypothetical 30 percent increase in construction wages due to prevailing wage likely is a conservative estimate: 1) a November 2020 study entitled *Potential Impacts of Prevailing Wage on Solar Costs in Illinois* found that prevailing wage could increase solar labor rates from an average of 23 to 41 percent when accounting for total compensation packages including healthcare, pension and worker training contributions

(see https://drive.google.com/file/d/13ZWw7rOilomG_mURNcmD0cw1p934FBSX/view); and 2) the Maryland General Assembly’s Department of Legislative Services has found that prevailing wages tend to be higher than non-prevailing¹ wages, but that it is reasonable to expect that the prevailing wage requirement adds at most between 2% and 5% to Pinnacle Economics and BDCBT

law that results in a hypothetical 30 percent increase² in construction wages, Pinnacle estimates that total project costs would increase, depending on the size of the system, between:

- 2.90 and 3.19 percent for utility-scale, fixed-tilt solar
- 2.91 and 3.27 percent for utility-scale, one-axis solar
- 2.09 and 3.03 percent for commercial rooftop solar
- 2.58 and 2.75 percent for commercial ground-mount solar
- 1.86 percent for land-based wind
- 1.70 percent for energy storage

Table ES1: Install Labor Costs and Changes in Total Project Costs Attributed to Hypothetical Changes in Install Labor Costs, by Type of Renewable Energy (2019)

Resource / Technology	Install Labor Costs as % of Total Capital Costs	Percent % in Project Costs Associated with the Following % Changes in Labor Costs			
		1%	10%	20%	30%
Solar: Utility-Scale Fixed-Tilt (Low - 5 MW)	9.68%	0.10%	0.97%	1.94%	2.90%
Solar: Utility-Scale Fixed-Tilt (High - 100 MW)	10.64%	0.11%	1.06%	2.13%	3.19%
Solar: Utility-Scale One-Axis (Low - 5 MW)	9.70%	0.10%	0.97%	1.94%	2.91%
Solar: Utility-Scale One-Axis Solar (High - 100 MW)	10.89%	0.11%	1.09%	2.18%	3.27%
Solar: Commercial Rooftop (2 MW)	6.96%	0.07%	0.70%	1.39%	2.09%
Solar: Commercial Ground (2MW)	9.15%	0.09%	0.92%	1.83%	2.75%
Wind: Land-Based (2.6 MW Turbines)	6.21%	0.06%	0.62%	1.24%	1.86%
Wind: Fixed-Bottom Offshore (6.1 MW Turbines)	9.34%	0.09%	0.93%	1.87%	2.80%
Wind: Floating Offshore (6.1 MW Turbines)	10.32%	0.10%	1.03%	2.06%	3.09%
Battery Storage: Utility-Scale 60 MW Lithium-ion	5.67%	0.06%	0.57%	1.13%	1.70%
Geothermal: 50 MW Flash Plant (bottom exhaust)	8.03%	NA	NA	NA	NA
Geothermal: 40 MW Flash Plant (top exhaust)	7.58%	NA	NA	NA	NA
Geothermal: 50 MW Binary Plant	3.02%	NA	NA	NA	NA

Note: Changes in total project costs for geothermal projects not estimated because install labor costs are based on union workers receiving prevailing wages and benefits. Offshore wind energy included for context.
Sources: Pinnacle Economics using detailed NREL and EPRI project cost data.

These estimates are likely conservative given that:

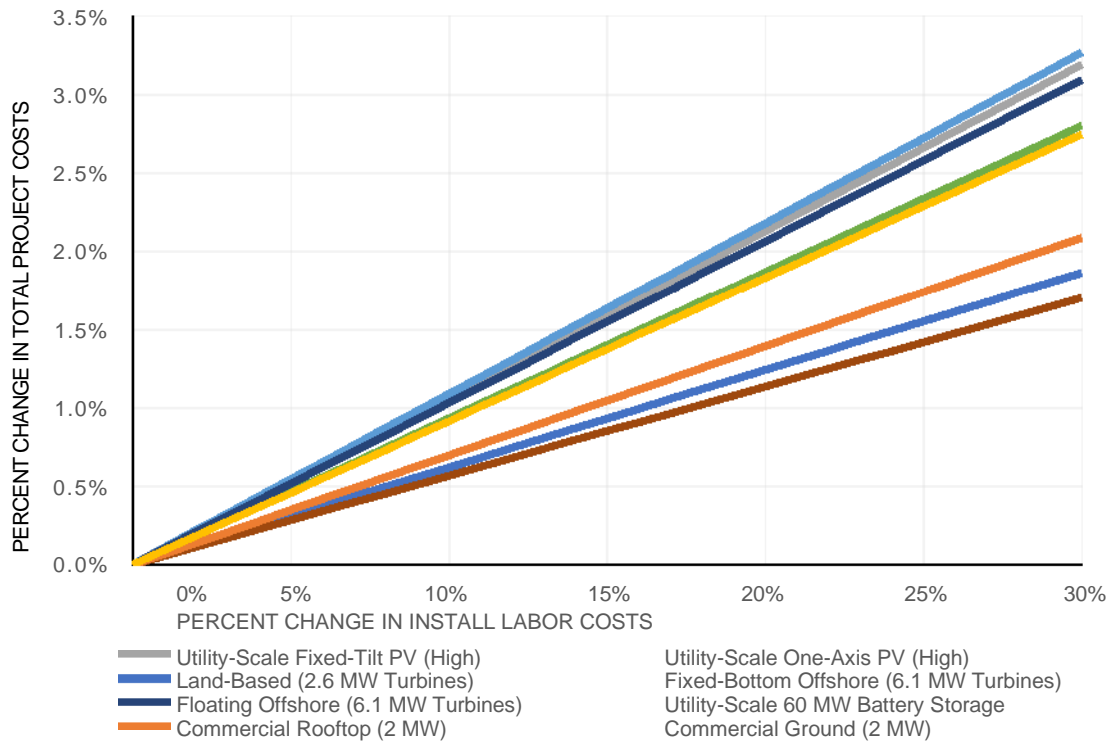
- 1) Install labor costs can include equipment, as well as occupations that are not directly affected by prevailing wages,
- 2) Economies of scale for some technologies that reduce average labor costs more than average total costs, thus reducing install labor's percentage of total costs,

² A hypothetical 30 percent increase in construction wages due to prevailing wage likely is a conservative estimate: 1) a November 2020 study entitled *Potential Impacts of Prevailing Wage on Solar Costs in Illinois* found that prevailing wage could increase solar labor rates from an average of 23 to 41 percent when accounting for total compensation packages including healthcare, pension and worker training contributions (see https://drive.google.com/file/d/13ZWw7rOilomG_mURNcmD0cw1p934FBSX/view); and 2) the Maryland General Assembly's Department of Legislative Services has found that prevailing wages tend to be higher than non-prevailing wages, but that it is reasonable to expect that the prevailing wage requirement adds at most between 2% and 5% to the cost of a public works project (see https://mgaleg.maryland.gov/2021RS/fnotes/bil_0005/sb0095.pdf).

- 3) NREL’s benchmark costs are based on national averages, where California is overweighted and where that state’s high cost of labor biases labor costs upward (labor costs in Maryland on commercial solar, for example, are 16 percent lower than the national average), and
- 4) This analysis does not include increases in worker productivity that linked to a higher prevailing wage, such as: lower worker turnover, better and more prevalent apprenticeship training programs, improved workplace safety, and more.

Lastly, these *de minimus* changes in total project costs should be viewed within the context that total install costs of renewable energy have fallen dramatically over the last ten years, and that costs are forecast to continue to decline over the next 30 years. Figure ES1 shows the sensitivity of total project costs to changes in install labor costs for the renewable energy projects considered in this analysis.

Figure ES1: Sensitivity of Total Project Costs to Changes in Install Labor Costs, by Type of Renewable Energy Project



Sources: Pinnacle Economics using detailed NREL and EPRI project cost data.

HB 682 Written Testimony.pdf

Uploaded by: Calvin Mims

Position: FAV

C A L M I
ELECTRICAL COMPANY, INC.
COMMERCIAL * INDUSTRIAL



February 13, 2024

HB 682 Energy Generation Projects – Labor and Minority Business Enterprise Requirements

**Written Testimony of Calvin Mims, President, Calmi Electrical Company, Inc.
Before the House Economic Matters Committee**

SUPPORT

Chairman Wilson and Committee Members,

I am very appreciative of the opportunity to submit my testimony in support of House Bill 682. My name is Calvin Mims and I am the President of Calmi Electrical Company, Inc. A Baltimore, Maryland based Minority owned and operated electrical contracting firm.

I am excited about Maryland's future in energy generation, transmission, and storage. While the State has shown its preparedness and foresight to improve its energy grid for the future, HB 682 also shows the consideration it is willing to give to the needs of its workforce and the Minority Business Community.

I can't tell you how important the wage standards in this Bill will improve the future of Maryland families by providing meaningful employment and providing MBE goals to ensure that everyone has a chance of getting a piece of the pie.

Please give a favorable report for HB 682.

Respectfully,
Calvin Mims
Calvin Mims
President

HB0682_Energy_Generation_Projects_Labor_and_Minori

Uploaded by: Cecilia Plante

Position: FAV



**TESTIMONY FOR HB0682
ENERGY GENERATION PROJECTS – LABOR AND MINORITY BUSINESS ENTERPRISE
REQUIREMENTS**

Bill Sponsor: Delegate Atterbeary

Committee: Economic Matters

Organization Submitting: Maryland Legislative Coalition

Person Submitting: Cecilia Plante, co-chair

Position: FAVORABLE

I am submitting this testimony in strong support of HB0682 on behalf of the Maryland Legislative Coalition. The Maryland Legislative Coalition is an association of activists - individuals and grassroots groups in every district in the state. We are unpaid citizen lobbyists and our Coalition supports well over 30,000 members.

The legislature has fought hard in recent years to raise the minimum wage in Maryland, and to try to ensure that working Marylanders make a living wage. We commend them for looking out for hard-working Marylanders. This bill, if enacted, would ensure that employees, contractors, and sub-contractors working on construction of an electric generating station that has received approval of a Certificate of Public Convenience and Necessity receive the prevailing wage. It will also require the employers to certify that they have not mis-classified employees, and report on the wages paid.

It directs the Public Service Commission, when determining whether to approve a Certificate of Public Convenience and Necessity to ensure that they are complying with the state's Minority Business Enterprise Program.

Our members believe that every working Marylander should receive the prevailing wage, and that Maryland should do its part to support minority-owned businesses.

We strongly support this bill and recommend a **FAVORABLE** report in committee.

HB 682 - Energy Generation Projects - Labor and Mi

Uploaded by: Donna Edwards

Position: FAV



MARYLAND STATE & D.C. AFL-CIO

AFFILIATED WITH NATIONAL AFL-CIO

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President

Donna S. Edwards

Secretary-Treasurer

Gerald W. Jackson

**HB 682 - Energy Generation Projects - Labor and Minority Business Enterprise Requirements
House Economic Matters Committee
February 15, 2024**

SUPPORT

**Donna S. Edwards
President**

Maryland State and DC AFL-CIO

Chairman and members of the Committee, thank you for the opportunity to provide testimony in support of HB 682. My name is Donna S. Edwards, and I am the President of the Maryland State and DC AFL-CIO. On behalf of the 300,000 union members in the state of Maryland, I offer the following comments.

HB 682 requires that energy generating projects over 1 megawatt must pay the prevailing wage rate and comply with minority business enterprise (MBE) participation goals. The bill conditions the approval of Certificates of Public Convenience and Necessity on meeting the prevailing wage and MBE requirements. As we move from a traditional energy economy to a clean energy economy it is vital that we are creating a policy and regulatory framework that ensures we are bolstering family-sustaining careers and not low road jobs.

We know that meeting Maryland's climate goals require expanding state electricity production by two to three times its current levels and expanding the grid's capacity by three to five times. This means a massive amount of work in energy generation over the coming decade. Renewable energy generation, transmission, and storage are the growth industries of the future. For these projects it is paramount that we apply strong labor standards and minority business participation requirements.

Unfortunately, not all of this work will be done by companies interested in creating high road jobs and careers for their workers without regulations that require them to do so. We already know first hand that some industries, like solar, have decided to focus on low-wage installation jobs and certificate training programs that offer no possibilities for career advancement.

HB 682 requires developers of new power generation projects to pay for and certify that their contractors and subcontractors are paying the prevailing wage rates on projects. This is essential to ensure that rate payer money and tax payer money is not being used to undermine the existing job standards of trained trades workers. Prevailing wage requirements do not require workers to be members of a union or covered by a project labor agreement. Prevailing wage requirements simply require that employers pay fair wage rates based on industry standards, preventing a race to the bottom on job standards, work quality, and lowball construction contracts.

With HB 682 we have the chance to protect workers and their families while expanding MBE business participation. Creating family sustaining careers in clean energy, providing MBE business opportunities, and addressing climate change is the goal. We cannot do one without the others.

We urge the committee to issue a favorable report on HB 682.

Testimony SB0696 & HB0682.pdf

Uploaded by: Jayson Williams

Position: FAV



MAYSON-DIXON

Honorable Members of the Committee,

I am writing to offer my strong support for HB0682 and SB0696, proposed by Delegate Atterbeary and Senator Feldman respectively, which aim to establish essential labor standards and reporting requirements for developers of covered projects, particularly in the construction of power generating stations. As the CEO of Mayson-Dixon, a company deeply involved in construction projects, real estate development, and community investment so we are committed to upholding high labor standards, I believe these bills are crucial steps towards ensuring investment in a growing field in Maryland.

Mayson-Dixon has always prioritized the well-being of our workforce and the communities we serve. We recognize that the success of any project is deeply intertwined with the welfare of the individuals who contribute their skills and labor to its realization. As such, we, much like our partners at Laborers' International Union of North America, or LiUNA, wholeheartedly endorse initiatives that promote fair wages, safe working conditions, and opportunities for career advancement for all workers involved in construction projects. These projects will also create career opportunities for residents, which Mayson-Dixon has always been a champion of programs that have lasting impact.

HB0682 and SB0696 mandate that developers of covered projects adhere to specific labor standards and reporting requirements. Mayson-Dixon already meets the labor standards set by the bill because of our partnerships with government in our developments provides comprehensive reporting and we hold ourselves accountable to the community investment we are making.

Furthermore, this framework enhances oversight and ensures labor standards are upheld throughout the project. It also fosters a culture of compliance and responsibility among developers, encouraging them to prioritize the well-being of their workers and the communities in which they operate.

HB0682 and SB0696 represent important legislative measures that align with the values of fairness, accountability, and transparency that we uphold at Mayson-Dixon.

Thank you for considering my testimony and for your commitment to advancing legislation that benefits workers and communities across our state.

Sincerely,

Jayson Williams
CEO, Mayson-Dixon

HB682- MDLCV SUPPORT - Energy Gneration Projects -

Uploaded by: Kristen Harbeson

Position: FAV



MARYLAND
LEAGUE OF
CONSERVATION
VOTERS

February 15, 2024

Kim Coble
Executive Director

2024 Board of
Directors

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Patrick Miller
Bonnie L. Norman
Katherine (Kitty)
Thomas

SUPPORT: HB682 - Energy Generation Projects- Labor and Minority Business Enterprise Requirements

Chair Wilson and Members of the Committee:

Maryland LCV Supports HB682 - Energy Generation Projects - Labor and Minority Business Enterprise Requirements and we thank Delegate Atterbeary for her leadership on this issue.

Maryland LCV is committed to centering our state's environmental policies in principles of economic and environmental justice. As we push our state forward towards a clean energy economy, it is imperative that that economy include good, family-sustaining jobs, and pathways to those jobs through apprenticeships and training programs. In recent years, this committee has advanced our state to this goal through incorporating language in legislation related to off-shore wind, community solar, and geothermal energy development, however it is time to address the issue holistically, and commit to consistent labor standards among all energy projects above 1MW. This bill does just that. By ensuring that all projects, regardless of technology, are held to the same standards, it ensures that companies that offer industry standards of wage rates and training do not face a competitive disadvantage from those actors who would cut corners and cut costs.

Equally important requires the Office of Small, Minority, and Women Business Affairs, in consultation with the Office of the Attorney General, to establish a clear path for increased participation by minority-owned enterprises in the energy sector. This is a key component to ensuring that our clean energy economy is inclusive and benefits all Marylanders.

Maryland LCV is proud to stand with our partners in organized labor, and we urge a favorable report on this important bill.

HB 682 Energy Generation Labor and Minority Requir

Uploaded by: Tom Clark

Position: FAV



International Brotherhood of Electrical Workers

JOSEPH F. DABBS: Business Manager • THOMAS C. MYERS: President • RICHARD D. WILKINSON: Vice President
CHRISTOPHER M. CASH: Financial Secretary • RICHARD G. MURPHY: Recording Secretary • PAULO C. HENRIQUES: Treasurer



TESTIMONY IN SUPPORT OF HB 682-ENERGY GENERATION PROJECTS- LABOR & MINORITY BUSINESS ENTERPRISE REQUIREMENTS February 15, 2024

TO: Chair Wilson, Vice Chair Crosby and members of the House Economic Matters Committee
FROM: Tom Clark, Political Director, International Brotherhood of Electrical Workers Local 26

Mr. Chair, Mr. Vice Chair, members of the House Economic Matters Committee, please join me in **support of HB 682**, a bill that sets the tone for combatting wage theft, avoiding unscrupulous contractors, and encouraging the use of minority owned businesses. HB 682 lays the groundwork for business success and labor harmony.

HB 682 begins with requirements and expectations from the Developer, and asks the same from Contractors, Subcontractors, and the workforce itself. This legislation requires the use of registered apprenticeship programs: a perfect mix of classroom hours and on the job training. Registered apprenticeship programs teach young people, they do not exploit them. HB 682 also makes contractors subject to reporting and compliance requirements.

What separates this legislation from others, that include labor standards, is the setting of reasonable goals to include Minority Businesses. Small, Minority and Woman owned Businesses will thrive because of HB 682. In my trade, Electrical Construction, HB 682 could start new businesses as much as it helps existing ones. Imagine a young person growing up in Prince Georges County, completing our apprenticeship in Lanham, working on a project in Calvert County, becoming a journeyman and owning a Business that thrives for the entrepreneur as well as the people it employs. What a great story, what a great Bill. Please join my enthusiasm and join my **support of HB 682**. Thank you!



HB 682 Victoria Leonard (BDCBT) SUPPORT.pdf

Uploaded by: Victoria Leonard

Position: FAV



Electrical Workers

Insulators

Boilermakers

United Association

Plumbers & Gas Fitters

Sprinkler Fitters

Steam Fitters

Roofers

Cement Masons

Teamsters

Laborers

Bricklayers

Ironworkers

Sheet Metal Workers

Elevator Constructors

Painters

Operating Engineers

Carpenters

February 15, 2024

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

**HB 682 - Energy and Generation Projects –
Labor and Minority Business Requirements
Position - Support**

Thank you Chair Wilson and Vice Chair Crosby and members of the Committee for the opportunity to testify in support of HB 682.

My name is Victoria Leonard. I am here today on behalf of the Baltimore-DC Building Trades (BDCBT). The BDCBT represents 28 construction trade unions across Maryland, Northern Virginia, and the District of Columbia. Combined, our trade unions represent more than 30,000 skilled craft professionals in the construction industry.

BDCBT supports HB 682. It establishes prevailing wage on energy generation projects. As the state of Maryland shifts to a green economy and away from fossil fuels, it is important 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 and minority 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. Finally, HB 682 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.

We urge the committee to issue a favorable report on HB 682.

Value on Display... Everyday.



hb682test.pdf

Uploaded by: Marcus Jackson

Position: UNF



**Maryland Joint
Legislative Committee**

The Voice of Merit Construction

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February 15, 2024

TO: ECONOMIC MATTERS COMMITTEE
FROM: ASSOCIATED BUILDERS AND CONTRACTORS
**RE: H.B. 682 – ENERGY GENERATION PROJECTS – LABOR AND
MINORITY BUSINESS ENTERPRISE REQUIREMENTS**
POSITION: OPPOSE

The Associated Builders and Contractors oppose House Bill 682 Energy Generation Projects-Labor and Minority Business Enterprise Requirements as drafted as it exempts a General Contractor who has entered a Project Labor Agreement from paying workers the prevailing wage rate. The presence of a Project Labor Agreement should not act as an exemption from this obligation.

ABC vigorously opposes government-mandated labor agreements on state and local government construction projects; additionally, we oppose granting incentives to contractors who choose this business model. The rationale for exempting a contractor who has entered a Project Labor Agreement from prevailing wage requirements for covered projects is unclear and unnecessary-unless the intent of the contractor is to pay below the standard. ABC does not object to requiring a General Contractor to commit to follow all applicable laws and abide by generally accepted industry standards as a pre-condition to being awarded a procurement contract. However, these standards need to apply to all bidders.

We respectfully request striking lines 26 on page 2 through line 12 on page 3 as well as lines 16-19 on page 4 of H.B. 682. Furthermore, violations which lead directly to disbarment are inappropriate and deny a contractor appropriate due process. Violations of law should be handled in accordance with current law and procedure. While ABC has no objection to certified payroll being submitted and inspected by the owner of the project and appropriate regulatory agencies, subjecting private payroll documents to broad public inspection is unnecessary. Furthermore, we suggest adding language requiring contributions to the State Apprenticeship Fund, consistent with current law.

We appreciate the opportunity to opine on HB 682 and urge the committee to remove any language referencing PLAs or collective bargaining agreements from this bill. On behalf of the over 1,500 ABC companies in Maryland, we respectfully request an unfavorable report on H.B. 682 as drafted but remain available to work with the Sponsor regarding this matter.

Marcus Jackson, Director of
Government Affairs

HB 682 MDL Letter of Information.docx (1).pdf

Uploaded by: Andrew Fulginiti

Position: INFO

House Bill 682

Date: February 13, 2024
Committee: House Economic Matters Committee
Bill Title: Energy Generation Projects - Labor and Minority Business Enterprise Requirements
Re: **Letter of Information**

House Bill 0682 adds a new subsection to the Labor and Employment Article under Title 3. The bill adds a new definition for “Covered Project” - “*Means a generating station with cumulative nameplate capacity of 1 Megawatt or more for which the Public Service Commission has approved.*” The scope of this section applies to projects that have either (1) been approved for a certificate of Public Convenience and Necessity or (2) have been approved for Construction (including physical change, demolition, installation, or other activities described under Public Utilities Article, Title 7, Section 207.1). The definition does not include Off-Shore Wind Projects that are also under the Public Utilities Article, Title 7.

Under subsection C of the bill, Developers of the aforementioned “Covered Projects” are mandated to pay the Prevailing Wage rates determined under the Title 17, Subtitle 2 of the State Finance and Procurement Article. The only exemptions for this mandate are Covered Projects that are subject to a Project Labor Agreement (PLA).

Under subsection D of the bill, the Developer is responsible for ensuring that every Contractor and Subcontractor completes a certification attesting to the following provisions:

(1) have the necessary resources to perform the work, (2) have all required licenses, (3) participate in apprenticeship training; (4) have not been subject to certain adverse actions (i.e. debarment & license revocation among others); (5) will pay applicable wage and fringe benefits; and (6) a schedule of occupation or work classification, (7) a schedule of work hours that each individual is working.

Developers are mandated to submit the certificate of compliance with the above requirements to MDL no later than 30 days before construction commences. If there is a PLA, that must be submitted as well.

Under subsection E of the bill, a Developer, contractor, and subcontractor on a Covered Project is obligated to maintain records of hours, classifications, and work performed (as determined by MDL) and certify the accuracy and completeness of those records. The records are then, by law, subject to inspection as public records.

Under subsection F, MDL is then required to maintain and distribute a list of parties that have been found in violation of any of the above requirements under subsections C, D, and E, and/or that have been debarred by other bodies. Further, if the certification provided contains “false”,



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45 Calvert Street
Annapolis, Maryland 21401
443-401-5129

“misleading” or “materially inaccurate information,” the certifying party may be subject to debarment. Additionally, violators of 3-718 subsections (c), (d) and (e) will be subject to penalties adopted and implemented by the Maryland Department of Labor (MDL) via regulation as outlined in subsection (g).

The Maryland Department of Labor is charged with developing a system to implement subsections C, D, E, and F of the bill, including developing regulations and monitoring and enforcement procedures.

The Department is engaged in discussion with the bill sponsor and looks forward to working with the bill sponsor to address operational questions within the bill.

HB 682_Information_PSC.pdf

Uploaded by: Frederick Hoover

Position: INFO

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PUBLIC SERVICE COMMISSION

February 13, 2024

Chair C.T. Wilson
House Economic Matters Committee
231 House Office Building
Annapolis, MD 21401

RE: HB 682 – Information - Energy Generation Projects - Labor and Minority Business Enterprise Requirements

Dear Chair Wilson and Committee Members:

The proposed legislation requires the developer of a covered project, upon the approval of a certificate of public convenience and necessity (“CPCN”) for the construction of a certain generating station or qualified generator lead line or approval for the construction of a certain generating station, to meet certain labor standards and reporting requirements. The bill also establishes certain labor standards and certain certification, reporting, and record-keeping requirements related to the construction of a covered project. If enacted, the legislation requires the Public Service Commission (“PSC”) to condition certain approvals on compliance with the requirements of the State’s Minority Business Enterprise Program (“MBE”) and requires the Maryland Department of Labor to enforce the provisions within the Act. The PSC does not have expertise in the area of labor law.

Section 3-718 (A) states that a "covered project" means a generating station with a cumulative nameplate capacity of 1 MW or greater for which the Public Service Commission has approved a CPCN. It should be noted that generation projects that have a capacity of 2 MW or less are exempted from obtaining a CPCN through the Public Service Commission, and therefore would not be subject to the requirements of this bill.

Sincerely,

Frederick H. Hoover, Chair
Maryland Public Service Commission

HB0682 (SB0696) - LOI.pdf

Uploaded by: Landon Fahrig

Position: INFO



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

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, 410.931.1537).

HB0682 - TSO - Energy Generation Projects - Labor

Uploaded by: Patricia Westervelt

Position: INFO

February 15, 2024

The Honorable C.T. Wilson
Chair, House Economic Matters Committee
231 House Office Building
Annapolis Maryland 21401

Re: Letter of Information – House Bill 682 – Energy Generation Projects - Labor and Minority Business Enterprise Requirements

Dear Chair Wilson and Committee Members:

The Maryland Department of Transportation (MDOT) offers the following information on House Bill 682 for the Committee's consideration.

House Bill 682 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. House Bill 682 incorporates findings from the most recent 2017 Statewide 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 Statewide Disparity Study that is currently underway. To conduct a separate disparity study/analysis for the projects outlined in House Bill 682, it would cost MDOT a one-time expenditure of approximately \$25,000 or more for consultant services. Additionally, following the release of the current Statewide Study, MDOT is statutorily required to produce various disparity studies/analyses for other nascent industries prior to the 2026 legislative session.

The Maryland Department of Transportation respectfully requests the Committee consider this information during its deliberations of House Bill 682.

Respectfully submitted,

Pilar Helm
Director of Government Affairs
Maryland Department of Transportation
410-865-1090