

April 8, 2021

The Honorable Adrienne A. Jones
Speaker of the House of Delegates
H-101 State House
Annapolis, MD 21401

The Honorable Bill Ferguson
President of the Senate
H-107 State House
Annapolis, MD 21401

Dear Speaker Jones and President Ferguson:

In accordance with Article II, Section 17 of the Maryland Constitution, I have vetoed House Bill 37 and Senate Bill 35 – *Procurement – Prevailing Wage – Applicability*.

One of the top priorities of my Administration has been to make Maryland a better place for job creators. After inheriting an abysmal business climate reputation six years ago, much work has been done in our State to achieve one of the greatest economic turnarounds in the nation. Unfortunately, this legislation reverses course on some of the important progress we have made – and does so at a time when many still are struggling from the pandemic. In raising the cost of doing business with the State, House Bill 37 and Senate Bill 35 do nothing more than hurt Maryland's small businesses and taxpayers.

By applying the State's prevailing wage law to a greater number of public work projects, this legislation will generate unintended and negative consequences for employers and workers. With labor costs at nearly one third of all construction costs, public work projects will become more expensive and jobs may be lost due to fewer projects being funded. Our small business job creators, the backbone of our economy, stand to lose the most – while large contractors are in a better position to withstand the added cost, small and minority-owned businesses will be hurt disproportionately and many will be unable or unwilling to bid on certain projects. Compounding the cost barrier, burdensome paperwork is yet another hurdle for smaller businesses, many of whom lack the staff or resources necessary for keeping up with the additional red tape. Legislation such as this, that arbitrarily inflates cost, impedes participation, and stifles competition — all at a higher price for taxpayers — absolutely is not in the best interest of our State.

Now more than ever, when infrastructure projects will play an integral role in our recovery from the COVID-19 pandemic, we should be even more mindful of Maryland's economic climate and strive toward making it easier to do business in *and with* our State.

For these reasons, I have vetoed House Bill 37 and Senate Bill 35.

Sincerely,

Lawrence J. Hogan, Jr.
Governor