HB 1410
Labor and Employment – Heightened Security Interest Locations (Secure Maryland Wage Act)
Economic Matters Committee
Position: Favorable with amendment

Maryland AGC, the Maryland Chapter of the Associated General Contractors of America, provides professional education, business development, and advocacy for commercial construction companies and vendors, both open shop and union. AGC of America is the nation's largest and oldest trade association for the construction industry. AGC of America represents more than 26,000 firms, including over 6,500 of America's leading general contractors, and over 9,000 specialty-contracting firms, all through a nationwide network of chapters. Maryland AGC opposes HB 1410 in its current form and respectfully urges the bill be amended to address concerns set forth below.

HB 1410 addresses wages for workers at three specified locations: BWI Thurgood Marshall Airport, the Port of Baltimore and Pennsylvania Station in Baltimore City. The bill provides that an employer must pay a covered employee the wages or combination of wages and benefits for the 12-month period beginning January 1, 2021, and each subsequent 12-month period, that is at least the combined amount of the wage and fringe benefit rate in effect on September 1 of the preceding year for the Guard 1 Classification for the applicable county established under specified provisions of the federal McNamara-O'Hara Service Contract Act of 1965 (SCA). As pointed out in the Fiscal Note, the current Guard 1 rate including benefits is $18.49/hour for Anne Arundel, Baltimore, Baltimore City, Carroll, Harford, Howard counties.

In §3-1501(b), HB 1410 defines employee broadly, so that all types of workers come within the ambit of the bill. Thus, HB 1410 applies to work for both public and private owners. This is not consistent with the SCA, which applies only to work for federal agencies and specifically excludes contracts for construction, alteration and/or repair, including painting and decorating of public buildings or public works. HB 1410 presents two different sets of issues for construction companies. First, workers on Maryland public work projects must be paid according to the Maryland Prevailing Wage law or the federal Davis-Bacon Act, but HB 1410 does not make a distinction and creates a conflict between the proposed Secure Maryland Wage Act and these existing laws.

A different issue is presented by construction work performed at one of the specified locations for a private interest rather than a public owner, for example, one of the freight carriers at BWI or a motor carrier at the Port of Baltimore. While the wages and benefits required by HB 1410 would not impact most construction contractors or subcontractors, it could adversely affect small contractors, particularly drywall and landscaping contractors. HB 1410 would require some of a contractor's employees to receive wages and benefits that other employees performing the same kind of work but at a different location would not receive. This is a prescription for disgruntled employees and workplace friction, to say nothing of the administrative burden and cost of tracking and implementing such a bifurcated system. The cure, consistent with the SCA, is to exempt all construction work from HB 1410.

Accordingly, Maryland AGC respectfully urges the Committee to amend HB 1410 to exclude construction work and construction related services, as defined in the State Finance and Procurement Article, §11-101(e) and (f), respectively. An amendment to that effect is attached to this testimony. Without such an amendment, Maryland AGC opposes HB 1410 and respectfully requests an unfavorable report.

Champe C. McCulloch
President, McCulloch Government Relations, Inc.
Lobbyist for Maryland AGC

SENATE BILL 62
First Reading File Bill

Amendment No. 1:

On page 4, in the blank line immediately following line 12, insert "**(E) EMPLOYER DOES NOT INCLUDE AN EMPLOYER WHO PROVIDES "CONSTRUCTION" OR "CONSTRUCTION RELATED SERVICES" AS DEFINED IN THE STATE FINANCE AND PROCUREMENT ARTICLE, §11-101(E) AND (F), RESPECTIVELY."** and renumber "E" and "F" to be "F" and "G", respectively.