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Finance Committee
Chair, Rules Committee

Joint Committees

Children, Youth, and Families
Ending Homelessness
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Chair, Prince George's County
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THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

**Testimony of Senator Joanne C. Benson
SB 232 Procurement- Prevailing Wage-Applicability**

Good afternoon Madame Chair and esteemed Members of the Finance Committee. SB 232: Procurement-Prevailing Wage-Applicability seeks to alter how we determine when a public works project is covered by the prevailing wage law. Maryland's prevailing wage law regulates the hours of labor, rates of pay, conditions of employment, obligations of employers and duties of certain public officials under contracts and subcontracts for public works in Maryland. This law ensures that the local wages are stabilized in an effort to prevent unfair bidding practices and wage competition. Currently, the prevailing wage law applies to a public work project valued at \$500,000 or more if either:

- The State or an instrumentality of the State is the contracting body and there is any State funding for the project; or
- The contracting public body is a county, municipal, agency, person and the State funds 50% or more of the project; or
- A political subdivision is the contracting for the construction of an elementary or secondary school and 25% or more of the money is used is State money.

According to the U.S. Department of Labor, Maryland has one of the highest thresholds for prevailing wage laws. Only Connecticut surpasses our threshold. In fact, there are currently 24 states that pay the prevailing wage for projects valued at less than \$300,000. Some states like New York and Massachusetts don't have a dollar amount threshold at all while California for example, only has a \$1,000 threshold. Thus, in an effort to establish a uniform threshold for prevailing wage laws in Maryland SB 232 would eliminate the 50% of state funds requirement. Privately funded projects and school buildings would be excluded in this bill.

Maryland first adopted a prevailing wage law in 1945 however it only applied to road projects in Western Maryland. In 1969, the law was amended to include State public work contracts of \$500,000 or more. The prevailing wage law has consistently been revised since its inception. Several years ago, a similar bill sponsored by then Delegate Olzsewski Jr., now the County Executive of Baltimore County, passed the Economic Matters Committee and the House.

Maryland's Prevailing Wage Law is important as it incentivizes greater participation of apprentices, increases wages for workers, and establishes higher construction standards. However, the 50% state funding threshold presents numerous barriers to contractors including limiting the number of contractors who can bid and forces highly skilled workers to seek better opportunities in D.C. and other surrounding states that have lower thresholds.

By eliminating the state funding threshold, SB 232 will grant small contractors a better opportunity to be able to bid for public work projects, expand the number of apprenticeships within the State, and return revenue back into the community.

Thus, I urge the committee for a favorable report for SB 232.