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Economic Matters Committee

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**TESTIMONY IN SUPPORT OF HB174
Public Utilities- Investor Owned Utilities- Prevailing Wage**

**Economic Matters Committee
January 21, 2021**

Chair Davis, Vice-Chair Dumais and Members of the Committee,

Thank you for the opportunity to testify before you on HB174, Public Utilities- Investor Owned Utilities- Prevailing Wage. The purpose of this bill is to require investor-owned gas and/or electric utilities' contractors and subcontractors working on underground projects to pay their construction employees at least the applicable Maryland Prevailing Wage rate. The bill applies to projects involving the construction, maintenance, demolition, restoration, or alteration of any underground gas or electric infrastructure of the company, as well as any related traffic control activities.

Because most utility infrastructure is buried in public infrastructure, this bill will assure that the construction standards expected on state infrastructure projects are maintained regardless of whether the project is publicly-financed through a government agency, or privately-financed through another entity like a public utility.

House Bill 174 addresses this by extending the prevailing wages already paid to construction workers on public infrastructure -- like roads, bridges, sewers and tunnels - to include utility workers working on underground utility projects. Just like public infrastructure, utility infrastructure is central to Maryland's economy and people's lives.

Establishing a wage floor for construction of this infrastructure would be a ***natural and logical extension of Maryland's current prevailing wage law***. The investor-owned utilities impacted by this bill are identified and defined by State law as ***public*** utilities because they are responsible for providing essential services - like gas and electric - that every Maryland resident and business relies on every day. Also because this essential utility infrastructure is located primarily in or under the public rights of way.

There has been precedent for this in Maryland. Since 2014, the Washington Suburban Sanitary Commission (WSSC) has required contractors to pay workers prevailing wages on construction projects. So, significant utility infrastructure is already built by workers who are paid prevailing wages in Maryland.

As the study and fact sheet which accompanies my testimony says, this ***bill would have a minimal impact on customer utility bills***. In fact, the overwhelming majority of the most recent peer-reviewed studies (82%) indicate that prevailing wage laws have ***little if any impact on project costs***, in part because of the efficiencies gained from an experienced and highly trained workforce. Department of Legislative Services agrees that it is likely any increases in *project costs* that *might* result from this legislation would have ***little or no impact on utility rates*** given how rates are determined through the Maryland Public Service Commission process. According to the Fiscal Note, *“the bill is not anticipated to materially affect utility rates...”*

Utilities in Maryland are engaged in unprecedented capital spending to upgrade existing utility infrastructure. This is the right bill at the right time. Establishing a modest wage floor ensures that the workers we rely on for maintaining the safety and reliability of these vital economic assets are paid family sustaining wages with supporting health benefits. It also ensures high quality work for a safe and dependable utility grid. Building high quality public utility infrastructure – without any financial harm to consumers – is good for Maryland’s economy.

For these reasons, I am requesting a favorable report.

With kindest regards,

Benjamin Brooks