MARYLAND Association of COUNTIES

Senate Bill 35

Procurement – Prevailing Wage - Applicability

MACo Position: **OPPOSE**

To: Finance Committee

Date: January 28, 2021

From: Drew Jabin

The Maryland Association of Counties (MACo) **OPPOSES** SB 35. This bill would extend the application of the State's prevailing wage law to projects where any amount, even the smallest share, of funds are from the State. Imposing such a mandate could prove costly and burdensome, and ignores regional market variations.

The bill requires county work projects that are funded using **any** State funds to pay workers the prevailing wage. Currently, the State's sensible rule is that the "majority partner" of a project applies such rules. Therefore, projects are subject to the prevailing wage rate when at least 50% of the money used for construction is State money.

Applying the statewide prevailing wage laws applies one standard, regardless of the region of the state, and its own conditions. Since the state's prevailing wage does not adjust for regional cost of living differences, this would result in a Baltimore-centered analysis applying in rural areas where actual market costs are far less. Locally-adopted prevailing wage programs in multiple jurisdictions, tailored to community needs, would be discarded by SB 35 at the first hint of any state support.

While various studies contest the exact differential, project costs rise under prevailing wage – especially when the statewide system is enforced. Jurisdictions requesting parallel bids on borderline projects where the state law's application was unclear have demonstrated a meaningful differential – frequently 10-20%.

SB 35 would significantly increase total project costs for counties across Maryland and potentially result in fewer local projects being funded each year. For these reasons, MACo urges the committee to issue an **UNFAVORABLE** report on SB 35.

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