

January 28, 2021

The Honorable Delores G. Kelley
Chair, Senate Finance Committee
3 East, Miller Senate Building
Annapolis MD 21401

Re: Letter of Opposition – Senate Bill 107 – Labor and Employment - Secure Maryland Wage Act

Dear Chair Kelley and Committee Members:

The Maryland Department of Transportation respectfully opposes Senate Bill 107, as it would have a significant negative impact on our Transportation Business Units (TBUs), resulting in a competitive disadvantage and a strain on the business operations in the State.

This legislation mandates a higher minimum wage for any employee who spends more than 50% of their workweek at “heightened security interest locations,” including Baltimore/Washington International Thurgood Marshall Airport (BWI Marshall), Pennsylvania Station in Baltimore, and the Port of Baltimore. Covered employees would include any individual working at the Port of Baltimore or BWI Marshall, whether or not they work as security guards or perform security-related functions. Notably, the boundaries of the “heightened security interest locations” are unclear, and it is not possible to determine exactly which employees are considered to be stationed at BWI Marshall and the Port of Baltimore and covered under the legislation.

As a threshold matter, Senate Bill 107 places a fiscal and operational burden on MDOT’s TBUs and private industry partners, as it voids all current agreements that do not meet the new increased wage, and allows employees to sue the employer to recover twice the difference between the mandated wage and the actual wage, plus attorney fees and costs. Imposing an additional fiscal burden on employers of lower wage workers at the designated locations is especially poorly timed since these employers, if they have not gone out of business, will be trying to come back from extended closures and restricted activities resulting from the pandemic.

At the Port of Baltimore, the MDOT Maryland Port Administration (MDOT MPA) works hard to accomplish its mission to increase waterborne commerce through the State of Maryland in a way that benefits the citizens of the State and the City of Baltimore. In doing so, the Port generates 15,330 direct family-supporting jobs for Marylanders. The average wage of those jobs exceeds the statewide average annual wage by 9.5%.

The premise that Senate Bill 107 is needed to protect public safety is misleading. For 12 consecutive years, the state-owned, public marine terminals at the Port of Baltimore have received a top rating on an annual security assessment from the U.S. Coast Guard, the latest coming in 2020. The Coast Guard conducts annual and thorough examinations of the Port’s six public marine terminals: Dundalk, Seagirt, North Locust Point, South Locust Point (including the cruise passenger terminal), Fairfield, and Masonville. Furthermore, statistically, employees at the Port of Baltimore experience a below average turnover rate for a similar position in Maryland.

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At BWI Marshall, there would be a greater cost for private sector businesses operating at the airport. This legislation would impact costs for security, retail and food providers, custodial services, airfield handling personnel, ground transportation employees and others. The global pandemic led to an extremely challenging operating environment for tourism, business travel, and the aviation industry overall. At BWI Marshall, departing passenger traffic was down 61.5 percent for calendar year 2020, with similar impacts seen so far in 2021. As the COVID-19 emergency has continued to surge, the challenging conditions in the aviation industry are far from over. The requirements in this bill would hinder private sector businesses at BWI Marshall recovering from the pandemic.

The MDOT Maryland Aviation Administration (MDOT MAA) is committed to providing a safe and secure environment for the flying public at BWI Marshall. The MDOT MAA's partnerships with the Maryland Transportation Authority Police, Joint Terrorism Taskforce, Federal Bureau of Investigation, and Transportation Security Administration have bolstered the security posture of the airport. These agencies remain vigilant to preserve airport security and prevent crime at BWI Marshall. In recent years, BWI Marshall has experienced a decrease in Part 1 crimes at the airport and those crime reductions have continued through 2020. Senate Bill 107 will not enhance the safety and security of BWI Marshall.

BWI Marshall is the lowest cost airport in the metropolitan region. Cost increases for the MDOT MAA and its private sector partners will increase the chance of loss of passengers and cargo. Maryland has benefited by the savings to our customers. BWI Marshall accounts for over 106,000 jobs and generates \$9.3 billion in economic impact for the state.

For the Port of Baltimore and BWI Marshall to continue to operate successfully as economic engines for the State, growth cannot be impeded by the unfounded mandate to increase wages with the false notion that it would ensure safety and reduce turnover.

For these reasons, the Maryland Department of Transportation respectfully requests the Committee grant Senate Bill 107 an unfavorable report.

Respectfully Submitted,

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