



National Electrical Contractors Association Washington, D.C. Chapter

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Dear Chairman C.T. Wilson and members of the Senate Finance Committee:

National Electrical Contractors Association, Washington DC Chapter (DC NECA), I write today to express our strong support for the House Bill 611, expanding prevailing wages to mechanical systems service contracts.

We appreciate the incredible leadership of Delegate C.T. Wilson and members of this committee in sponsoring this important legislation to incentivize good jobs, strong apprenticeship training, and a thriving regional economy.

DC NECA represents 180 construction contractors, over 10,000 workers, and more than 1,200 working apprentices. Our economic footprint throughout the region is substantial, generating some \$3 BILLION in annual revenue, and some \$750 MILLION in state, federal and local taxes each and every year.

We support House Bill 611, because we know that prevailing wages (and Davis Bacon wages on the federal level), yield better outcomes, more timely deadlines, and far fewer workplace injuries. In fact, we are pleased to see that Arlington County, Fairfax County, Baltimore County, and Anne Arundel have all recently enacted local prevailing wage laws, while Montgomery County enacted legislation to expand their prevailing wage law to include mechanical systems service contracts, just like HB611, only days ago.

House Bill 611 is critical for our members and contractors who perform both and construction and service work. That's because the state prevailing wage law does not distinguish between construction work and service work, including the service work performed on those systems installed during the construction. This has created a two-tiered wage system in Maryland procurement: one for construction projects and subject to prevailing wage, and one for service work subject to the state's barely livable "living wage." In fact, there is a great deal of confusion in the Maryland code as to whether service contracts are even subject to the living wage, as opposed to prevailing wages. House Bill 611 resolves this confusion and does so by narrowly addressing only mechanical systems service contracts, since those systems are closely related to the construction that enabled those systems.

In addition, House Bill 611 recognizes the relatively small size of mechanical systems service contracts (generally \$3,000-\$5,000) compared with construction contracts (more than \$250,000), and appropriately aligns the state prevailing wage law to the federal McNamara-O'Hara Service Contract Act of 1965 which governs very small service contracts on the federal level. That's why Montgomery County recently implemented their new prevailing wage law for mechanical service contracts, as well as similar legislation pending before several other Maryland counties.

For these reasons, DC NECA, our 180 construction contractors, 10,000 workers, and 1,200 working apprentices support House Bill 611, and we ask for a favorable report.

Sincerely,

JT Thomas
Executive Director