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OFFICE OF THE SECRETARY

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**BILL:** House Bill 611 - Prevailing Wage - Applicability

**COMMITTEE:** House Economic Matters

**DATE:** February 15, 2022

**POSITION:** Letter of Information

Upon review of House Bill 611 - Prevailing Wage - Applicability, the Maryland Department of General Services (DGS) provides these comments for your consideration.

The DGS Facilities Management Division is responsible for the statewide operation and maintenance of 55 buildings, with two principal office centers in Baltimore and Annapolis along with 20 regional Multi-Service Centers. In order to maintain these buildings this division utilizes service contracts, when necessary. A service contract is an agreement between a contractor and customer covering the maintenance and servicing of equipment over a specified period.

This bill adds mechanical systems service contracts and ties them to the McNamara-O'Hara Service Contract Act (SCA) of 1965, which applies the local prevailing wage to all state contracts over the \$2,500 threshold. This bill changes the prevailing wage applicability so that it applies to all service contracts under \$2,500. Applying the prevailing wage to these contracts would increase DGS's expenditures on maintenance service contracts.

For additional information, contact Ellen Robertson at 410-260-2908.

