

SB 001 Support.pdf

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Position: FAV

INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS - LOCAL UNION No. 24

AFFILIATED WITH:

Baltimore-D.C. Metro Building Trades Council — AFL-CIO
Baltimore Port Council
Baltimore Metro Council — AFL-CIO
Central MD Labor Council — AFL-CIO
Del-Mar-Va Labor Council — AFL-CIO
Maryland State - D.C. — AFL-CIO
National Safety Council



AFL-CIO-CLC

BALTIMORE, MARYLAND 21230

C. SAMUEL CURRERI, President
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JEROME T. MILLER, Financial Secretary
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Phone: 410-247-5511
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Written Testimony of

Rico Albacarys, Assistant Business Manager, IBEW LOCAL 24

Before the

Finance Committee On

SB 001 State Finance and Procurement – Prevailing Wage – Stop Work Orders

Support

February 8, 2022

Madame Chair Kelley and Committee Members,

Thank you for the opportunity to submit my testimony in **support** of Senate Bill 001.

My name is Rico Albacarys and I'm an employee and member of the International Brotherhood of Electrical Workers Local 24, in Baltimore.

In my capacity as an employee of Local 24, I often go to prevailing wage job sites to speak to unrepresented workers. I have minimal access and no authority, so it's very difficult to have a meaningful conversation with the men and women working on these construction sites. Even with such minimal access, the amount of wage theft I have seen is astonishing. I use the word theft because

that's what it is. Not paying a worker properly, or misclassifying them entirely, is not only stealing from the worker, it's also stealing from the State.

Employees are being misclassified improperly for the job they're performing or classified as 1099 independent contractors, as opposed to employees. Often times, this is happening to the most vulnerable workers who may be afraid to speak up for a variety of reasons. Our Maryland residents deserve better and we should be doing better. We should hold contractors and subcontractors accountable when they are mistreating workers and SB 001 helps to remedy this situation. Someone with authority can investigate these bad actors and be sure Maryland workers are being treated fairly in regards to wages and classification. Rules have no impact if there aren't consequences. SB 001 states these consequences plainly and ensures low road contractors will be held accountable for their actions. This is why I am asking the committee to **support** SB 001.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Rico Albacarys', with a long, sweeping horizontal line extending to the right.

Rico Albacarys

Assistant Business Manager

sb001.pdf

Uploaded by: Brian Cavey

Position: FAV



INTERNATIONAL ASSOCIATION OF
**Heat & Frost Insulators
& Allied Workers**
Local 24
Baltimore-Washington, DC

901 Montgomery Street
Laurel, MD 20707
Tel: 301-725-2400
Fax: 301-725-0804

February 8, 2022

Maryland Senate Finance Committee
Chair: Delores G Kelley
Vice Chair: Brian J Feldman

**TESTIMONY IN SUPPORT OF SB 001
State Finance and Procurement – Prevailing Wage –
Stop Work Orders**

Heat and Frost Insulators & Allied Workers Local 24
Brian S Cavey, Business Manager
brian.cavey@insulators24.org

Chairman Kelley, Vice Chair Feldman and members of the committee, I respectfully submit this testimony in support of SB001

Fraud is moderately common in the construction industry. That's not to say that the industry is full of corrupt people, rather, it's an industry where the few bad apples that are determined to commit fraud might have an easier time getting away with it, largely because of the very nature of the work: the average construction project is in undertaking of controlled chaos.

This law would be a great way to force bad-actor contractors to follow the rules. Most contractors could care less about fines that they simply see as a cost of doing business. Nor do they care about the code enforcement process that can drag on for months and result only in fines as well. What really scares them is that their project might be shut down. Simply put, without real consequences, they will not stop breaking the rules.

While a vast majority of employers do right by their employees, it is disturbing when you find bad actors. The ability to act on situations would highlight the effectiveness of the employee protections our state offers and to ensure that employers are treating their workers with fairness and dignity, in accordance with the law. The message to employers should be clear: The state of Maryland is committed to using all of the tools at its disposal to protect workers.

We urge a favorable vote on this legislation. Thank you for your time and consideration.

Sincerely and Respectfully,

Brian S Cavey, Business Manager
Insulators and Allied Workers Local 24

Bernward TESTIMONY FOR SB1.pdf

Uploaded by: Carl Neimeyer

Position: FAV



TESTIMONY

SB1 - STATE FINANCE AND PROCUREMENT – PREVAILING WAGE – STOP WORK ORDERS

FAVORABLE

To: Chair Kelley, Vice Chair Feldman and honorable members of the Senate Finance Committee

From: Carl Neimeyer, President, Bernward Mechanical and Construction Solutions

On behalf of Bernward Mechanical and Construction Solutions and the 52 skilled union tradesmen we employ in the State of Maryland, I am writing today in support of SB1. This bill is an important tool in fighting against fraudulent contractors and providing all workers a fair wage in the state procurement system.

I started this Maryland based Service Disabled Veteran Owned Small Business in 2016 with a strong mission to provide every worker with a just wage, the tools and training to do their job, and health and retirement benefits befitting the dignity of the middle class worker. As a result, we contend daily with losing jobs to companies who do not share our standards and ethics. This bill as written will provide the state with strong enforcement action to ensure that the wage due to the worker is paid, eliminate low road companies from competition, and bolster the workforce with well compensated, trained, and skilled workers in a time when they are in short supply.

One of our greatest challenges for our business is competing against companies that choose profits over ethics. We have elected on several occasions to decline bidding state work due to our knowledge that our non-union competition engages in worker misclassification and other unfair practices to give them a significant pricing edge over us. This practice must be brought to a stop. Giving the state the simple and effective enforcement actions laid out in this bill and already in force in New Jersey will immediately and rightfully impact those contractors exploiting their workers and taking part in illegal misclassification. Further, this will put these contractors on notice that illegal practices will no longer be tolerated and that they can no longer steal work from ethical contractors.

I implore you to take this important first step in ending wage theft and leveling the playing field for legitimate contractors in the State of Maryland. I hope that you share my goal to provide your constituents and resident businesses protection from those companies who seek to turn profit on the backs of the worker rather than build value in partnership with their workers. For these reasons, I ask for a favorable committee report on SB1.

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CAGE 7NVZ4

SB 1 - Prevailing Wage - Stop Work Orders.pdf

Uploaded by: Donna Edwards

Position: FAV



MARYLAND STATE & D.C. AFL-CIO

AFFILIATED WITH NATIONAL AFL-CIO

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President

Donna S. Edwards

Secretary-Treasurer

Gerald W. Jackson

SB 1 – State Finance and Procurement – Prevailing Wage – Stop Work Orders Senate Finance Committee February 10, 2022

SUPPORT

**Donna S. Edwards
President**

Maryland State and DC AFL-CIO

Madam Chair and members of the Committee, thank you for the opportunity to submit testimony in support SB 1 – State Finance and Procurement – Prevailing Wage – Stop Work Orders. My name is Donna S. Edwards, and I am the President of the Maryland State and District of Columbia AFL-CIO. On behalf of Maryland’s 340,000 union members, I offer the following comments.

SB 1 provides enforcement and penalty muscle to our Prevailing Wage law by granting the authority to the Commissioner of Labor to issue a stop work order to a public works contractor if, after an investigation, it is found that they violated Prevailing Wage law. Opponents to this bill claim that it is “heavy-handed” and unnecessary because of existing law. If that were true, we would see very few violations throughout the state. Instead, there have been over 500 Prevailing Wage law violations in the last four years. Clearly, the current system is not dissuading irresponsible contractors from continuing to exploit their own workers.

Violating Prevailing Wage law is not a case of a simple “mistake”. It is the willful decision to steal income earned by workers. It has proven to be lucrative when those bad contractors can get away with it. This is intentional, pervasive, and damaging. It needs to end.

Simply putting laws on the books is not enough. It is incumbent to have strong enforcement of our laws. Without adequate enforcement and real penalties, offenders choose to break the law, confident that they will suffer little-to-no consequences for exploiting and stealing from their workers.

For these reasons we ask for a favorable report on SB 1.

Jason Ascher - Support - SB 1 - Stop Work Orders.p

Uploaded by: Jason Ascher

Position: FAV



Senate Finance Committee

To: Senator Delores Kelley, Chair; Senator Brian Feldman Vice-Chair; and Members of the Committee.
From: Jason Ascher, Political Director, Mid-Atlantic Pipe Trades Association.

Support Senate Bill 1 State Finance and Procurement – Prevailing Wage – Stop Work Orders

On behalf of the Mid-Atlantic Pipe Trades Association and its over fourteen thousand members and families from the United Association Locals across Maryland, I ask that you **SUPPORT SB 1**.

This legislation is designed to do one thing. Stop wage theft and misclassification by making it harder for “bad actor” Prime Contractors, General Contractors, and Sub-Contractors off construction sites. These “bad actors” knowingly misclassify workers on publicly funded construction projects to increase their profits. They do this by intentionally classifying employees as independent contractors (1099) while maintaining complete control of all aspects of their time at work, from the hours they work to the tools they use to what they wear on the job site. The employer pays no workers compensation and passes the entire tax burden on to the employee.

A robust enforcement system is the key to ensuring misclassification does not happen and ensuring that only law-abiding contractors are awarded public projects. Contractors being awarded prevailing wage projects should be working in the public interest by providing the proper wage rate, benefits such as health insurance, pension, retirement saving, and apprenticeship training to provide access to a well-paid career.

For all the reasons described above, I ask that you **SUPPORT SB 1**.

Sincerely,

Jason Ascher
Political Director
Mid-Atlantic Pipe Trades Association
7050 Oakland Mills Road, Suite 180
Columbia, MD 21046

SB 001 State Finance Procurement Prevailing Wage S

Uploaded by: Jeffry Guido

Position: FAV



Electrical Workers
Insulators
Boilermakers
United Association
Plumbers & Gas Fitters
Sprinkler Fitters
Steam Fitters
Roofers
Cement Masons
Teamsters
Laborers
Bricklayers
Ironworkers
Sheet Metal Workers
Elevator Constructors
Painters
Operating Engineers
Carpenters

Maryland Senate - Finance Committee

Chair: Delores G. Kelley
Vice Chair: Brian J. Feldman

**Senate Bill 001 State Finance and Procurement – Prevailing Wage –
Stop Work Orders**

Position: **SUPPORT**

This bill will not penalize contractors that abide by the State’s laws and guidelines when bidding a wage rate project. It is a deterrent to Prime Contractors, General Contractors and Sub-Contractors that bid this work with the intent to misclassify their workers and manipulate certified payrolls and abuse the use of so called 1099 independent contractors. There is no labor shortage for employers that pay prevailing rates that include benefits for health care, pensions, and retirement. It is in the public interest that public works projects be constructed and maintained by the best means and highest quality labor available and that persons employed on these projects be compensated according to the real value of the services they perform.

In conclusion:

- Maryland’s prevailing wage laws set the requirement that upholds market standards.
- Ensures employers provide wages and benefits.
- Provides access to construction industry jobs through apprenticeship.
- Guarantees a robust mechanism for enforcement.

We ask the Committee for a favorable report.

Respectfully,

Jeffry Guido

Baltimore-DC Metro Building Trades Council

Value on Display... Everyday.



Value on Display... Everyday.



BaltimoreCounty_FAV_SB0001.pdf

Uploaded by: Joel Beller

Position: FAV



JOHN A. OLSZEWSKI, JR.
County Executive

JOEL N. BELLER
Acting Director of Government Affairs

JOSHUA M. GREENBERG
Associate Director of Government Affairs

MIA R. GOGEL
Associate Director of Government Affairs

BILL NO.: Senate Bill 1

TITLE: State Finance and Procurement - Prevailing Wage - Stop Work Orders

SPONSOR: Senator Beidle

COMMITTEE: Finance

POSITION: **SUPPORT**

DATE: February 10, 2022

Baltimore County **SUPPORTS** Senate Bill 1 – State Finance and Procurement –Prevailing Wage – Stop Work Orders. This legislation would enforce prevailing wage requirements by allowing for stop work orders when a public works contractor or subcontractor has violated these rules.

All residents of Maryland deserve to be paid a fair and livable wage. Policies such as standard rate of pay and stop work orders are essential to protecting workers. Understanding this necessity, Baltimore County Executive John Olszewski worked to pass local prevailing wage legislation to support Baltimore County’s workforce. This ensured that those who contract with the Baltimore County provide a living wage to their staff, while also producing significant secondary economic benefits.

SB 1 protects prevailing wage requirements throughout the state by allowing for a stop work order if requirements are violated. Under this proposed legislation, public works contractors may release subcontractors without penalty if they are found to be in violation of prevailing wage requirements. The Commissioner of Labor may also impose a fine of up to \$5,000 for every day the stop work order is violated. This legislation ensures that all contracted or subcontracted workers maintaining public facilities are paid fairly for their work.

Accordingly, Baltimore County requests a **FAVORABLE** report on SB 1. For more information, please contact Joel Beller, Acting Director of Government Affairs at jbeller@baltimorecountymd.gov.

Kunta Bedney Testimony SB1 FAV.pdf

Uploaded by: Kunta Bedney

Position: FAV

TESTIMONY – HB145 / SB1 - STATE FINANCE AND PROCUREMENT - PREVAILING
WAGE - STOP WORK ORDERS

KUNTA KENTE BEDNEY

FAVORABLE

Good afternoon Chair Kelley, Vice Chair Feldman, committee members and guests. My name is Kunta Bedney and I am a Council Representative with the Eastern Atlantic States Regional Council of Carpenters. I service the DMV area (DC, PG County, Charles County, Montgomery County, and Northern Virginia). I am here in support of the “Prevailing Wage - Stop Work Order Bill.”

I would like to start by sharing my life story and why this bill is so important to people like me. I had a rough childhood growing up. My Mom served ten years in prison and my Dad was killed in Lorton Prison in Lorton, Virginia. My great aunt raised me and she did her best to keep me out of trouble but trouble found me. I dropped out of high school in the 11th grade and started running the streets. I was arrested and had eighteen months to think about my life. When I came home, I went to a pre-apprenticeship program that allowed me to earn a GED and a pre-apprenticeship certificate in construction. I enrolled in the Carpenters apprenticeship program, worked my way up from an apprentice, to a journeyman, then to a foreman and now I am a Council Representative. It's important that these programs continue to thrive in low income areas and continue to help people that need second chances to change their lives from poverty to the middle class. I am proud to say today that I'm a father of six children, engaged to be married, and a productive citizen, all of which I learned from professional men and women in the Carpenters Union.

This bill stops unscrupulous contractors from being bad actors in the construction industry. If contractors aren't breaking the law they have nothing to worry about. This legislation ensures that workers like me are paid the wages and benefits to which we are entitled and have earned under the law.

Thank you for your time and I ask for a favorable committee report.

Stop Work Testimony - February 2022.pdf

Uploaded by: Lunique Esteime

Position: FAV



**TESTIMONY OF DR. LUNIQUE ESTIME, ESTIME ENTERPRISES, INC.
HB145 / SB1 - STATE FINANCE AND PROCUREMENT - PREVAILING WAGE -
STOP WORK ORDERS
FAVORABLE**

February 7, 2022

Hello, my name is Dr. Lunique Estime. I am an established certified Minority Business Enterprise (MBE) in Lanham, Maryland, and I strongly support HB145/SB1.

As an MBE, I am also a signatory contractor to the Carpenters union, and I hire union workers because I need the reliability and quality of the work done by these workers.

In a competitive bidding field, with high stakes projects, it's nearly impossible to compete with other contractors that underpay their workers, or cheat taxpayers by not complying with the law. It's also dangerous, and it's not right. Beyond that, from a purely business point of view, the stakes are just too high for me to be caught up in workplace or wage violations.

I have a lot invested in the reputation of my company. I started Estime Enterprises, Inc. in 1996, and have built a skilled team of professionals to provide excellent construction, construction management, facility maintenance, A&E, and telecommunication services to private corporations, State Governments, as well as Federal government agencies (civilian and military). Our team includes licensed professionals in the field of engineering, plumbing, heating, construction, and management. We handle projects of all kinds, sizes, and scopes whether it is setting up telecommunication towers, installing lines and antennas, or maintaining already-existing buildings.


To give you a sense of the scale, importance and security of our work, we provided the largest set of engineers in construction management services at the Ft. Belvoir Community Hospital, a state-of-the-art \$1.2 billion project designed to treat active and retired military personnel and their families. In addition, we Conducted the World Class Construction Initiative for the US Navy, and worked in association with Clark Construction on the new University of Maryland Regional Medical Center located in Largo, MD, constructing a 600,000 sq ft state of the art hospital.

As a proud MBE state and federal government contractor, I can tell you that we work hard, pay our taxes, and do the best job that we can.

It's hard enough being an MBE. but when my competitors cheat the system, we simply can't compete.

Please help us.

Thank You,


Lunique Estime
President

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www.estimateinc.com**

SB 1 Testimony 20220208_13490091.pdf

Uploaded by: Pamela Beidle

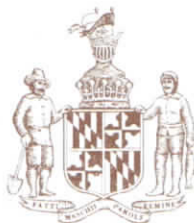
Position: FAV

PAMELA G. BEIDLE
Legislative District 32
Anne Arundel County

Finance Committee

Vice Chair

Executive Nominations Committee



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800-492-7122 Ext. 3593
Pamela.Beidle@senate.state.md.us

THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

February 10, 2022

SB1
State Finance and Procurement – Prevailing Wage – Stop Work Orders

Good Afternoon Chair Kelley, Vice Chair Feldman and Members of the Finance Committee:

SB1 Authorizes the Commissioner of Labor and Industry in the Maryland Department Labor, AFTER AN INVESTIGATION, to issue a stop work order to a public works contractor or subcontractor that may have violated the State's prevailing wage law. The bill requires the commissioner to conduct an investigation of compliance with prevailing wage requirements promptly if the commissioner receives a complaint of a violation or possible violation. The commissioner may impose penalties and/or civil fines for specified violations. The stop work order is completely discretionary.

The Maryland State Board of Contract Appeals (MSBCA) has jurisdiction to hear and decide an appeal arising from a decision to issue a stop work order; the bill establishes timelines for submitting an appeal to the board, hearing appeal and issuing a decision.

If a stop work order is issued against a subcontractor, the prime contractor on the contract may terminate the contract with the subcontractor without incurring liability form damages resulting from the termination.

The Commissioner shall issue an order releasing the stop work order on a showing by the contractor or subcontractor that that the employees are being paid the appropriate prevailing wage.

This bill is obviously aimed at the "bad actors" that are contractors receiving prevailing wage contracts.

Thank you for the opportunity to present SB1, I respectfully request a favorable report.

Bernward Testimony SB1 FAV.pdf

Uploaded by: Roger Manno

Position: FAV



TESTIMONY

SB1 - STATE FINANCE AND PROCUREMENT – PREVAILING WAGE – STOP WORK ORDERS

FAVORABLE

To: Chair Kelley, Vice Chair Feldman and honorable members of the Senate Finance Committee

From: Carl Neimeyer, President, Bernward Mechanical and Construction Solutions

On behalf of Bernward Mechanical and Construction Solutions and the 52 skilled union tradesmen we employ in the State of Maryland, I am writing today in support of SB1. This bill is an important tool in fighting against fraudulent contractors and providing all workers a fair wage in the state procurement system.

I started this Maryland based Service Disabled Veteran Owned Small Business in 2016 with a strong mission to provide every worker with a just wage, the tools and training to do their job, and health and retirement benefits befitting the dignity of the middle class worker. As a result, we contend daily with losing jobs to companies who do not share our standards and ethics. This bill as written will provide the state with strong enforcement action to ensure that the wage due to the worker is paid, eliminate low road companies from competition, and bolster the workforce with well compensated, trained, and skilled workers in a time when they are in short supply.

One of our greatest challenges for our business is competing against companies that choose profits over ethics. We have elected on several occasions to decline bidding state work due to our knowledge that our non-union competition engages in worker misclassification and other unfair practices to give them a significant pricing edge over us. This practice must be brought to a stop. Giving the state the simple and effective enforcement actions laid out in this bill and already in force in New Jersey will immediately and rightfully impact those contractors exploiting their workers and taking part in illegal misclassification. Further, this will put these contractors on notice that illegal practices will no longer be tolerated and that they can no longer steal work from ethical contractors.

I implore you to take this important first step in ending wage theft and leveling the playing field for legitimate contractors in the State of Maryland. I hope that you share my goal to provide your constituents and resident businesses protection from those companies who seek to turn profit on the backs of the worker rather than build value in partnership with their workers. For these reasons, I ask for a favorable committee report on SB1.

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EAS Carpenters Sproule Testimony FAV.pdf

Uploaded by: Roger Manno

Position: FAV



Eastern Atlantic States
REGIONAL COUNCIL OF CARPENTERS

801 West Patapsco Avenue, Baltimore, MD 21230 | Phone: 410-355-5555 | EASCARPENTERS.ORG

February 8, 2022

Honorable Delores Kelley
Chair
Miller Senate Office Building,
3 East Wing
11 Bladen St.
Annapolis, MD 21401

Dear Chair Kelley, Vice Chair Feldman and Honorable Members of the Senate Finance Committee,

In the State of Maryland workers deserve protections that allow for fair pay and prevent abuses from employers. Prevailing wage in Maryland already levels the playing field and ensure that workers are paid the rate they deserve for the work they perform. Too many times though, bad actors in the construction industry do not adhere to Maryland prevailing wage laws and use wage theft and misclassification of workers to skirt their responsibilities. That is why the Executive Board of the Eastern Atlantic States Regional Council of Carpenters and the over 3,000 highly skilled union carpenters we represent in Maryland ask you to support SB1/HB145.

As you may know, SB1/HB145 authorizes the Commissioner of Labor and Industry to issue a stop work order for each work site where the Commissioner has made an initial determination that a contractor or subcontractor may have violated the prevailing wage requirements. This bill will also allow a prime contractor to terminate the contract of a subcontractor without incurring certain liability if the subcontractor has a stop work order issued against them. These are tools necessary to make sure the bad actors who cheat workers are held accountable in a real way. These contractors should not continue to profit off their disregard of prevailing wage and workers. Stop work orders take this profit away immediately.

By defending prevailing wage, we are defending the future of Maryland. Prevailing wage provides pathways for apprenticeships on projects to train the next generation of workers, and provides more opportunity for law-abiding contractors to succeed. A majority of States like Maryland that have prevailing wage use stop work orders to enforce the law. Leaders in Maryland



EASTERN ATLANTIC STATES REGIONAL COUNCIL OF CARPENTERS

Representing members in New Jersey, Pennsylvania, Delaware, Maryland, Virginia, West Virginia, Washington D.C., and 10 counties in North Carolina

like you can make sure this effective tool is available to protect Maryland workers by supporting SB1/HB145.

Thank you for your consideration for SB1/HB145. Please know the Eastern Atlantic States Regional Council of Carpenters is here to answer any questions you may have.

Sincerely,

William C. Sproule
Executive Secretary-Treasurer

REGIONAL OFFICES:

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EASRCC Sanchez Testimony SB1 FAV.pdf

Uploaded by: Roger Manno

Position: FAV



Eastern Atlantic States
REGIONAL COUNCIL OF CARPENTERS

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TESTIMONY

SB1 / HB 145 - STATE FINANCE AND PROCUREMENT – PREVAILING WAGE –
STOP WORK ORDERS

FAVORABLE

Chair Kelley, Vice Chair Feldman and honorable members of the Senate Finance Committee:

On behalf of the Eastern Atlantic Regional Council of Carpenters (EASRCC), our 41,000 of the most skilled construction workers and apprentices in the nation, and including some 3,000 carpenters right here in the State of Maryland, we write today in support of HB145, providing one tool to address the issue of misclassification, wage and unemployment insurance theft within the state procurement system.

Modeled after successful legislation in New Jersey, Connecticut and many other states, this legislation provides Stop Work Order authority within the Department of Labor, as one tool to hold accountable those employers and contractors who cheat workers and out of wages, and cheat taxpayers and government out of workers' compensation and unemployment trust fund dollars, as well as revenues to state and local economies.

Misclassification and wage theft runs rampant in work sites through the region, cheating workers out of millions of dollars in wages and benefits, and disadvantaging responsible companies by creating an un-level competitive playing field. The problem is particularly pernicious for underage and undocumented workers who are the most vulnerable to workplace exploitation by unscrupulous contractors and labor brokers. It a terrible problem that is difficult to curtail without tools developed specifically to target and stop that exploitation at the source. Beyond the wage and workplace rights of those workers, misclassification and wage theft cheats state and local taxpayers and economies tens of millions of dollars each year in lost or unrealized revenues, unemployment and other trust fund resources.

This legislation begins to rein that in. It provides as follows:

1. The Stop-Work Order would apply to every site where the violation continues to occur.



EASTERN ATLANTIC STATES REGIONAL COUNCIL OF CARPENTERS

Representing members in New Jersey, Pennsylvania, Delaware, Maryland, Virginia, West Virginia, Washington D.C., and 10 counties in North Carolina

2. It could only be lifted by the commissioner if the department finds the employer has agreed to pay future wages at the required rate, return any back-wages owed to workers and pay any penalty assessed by the department.
3. The commissioner may also require the employer to file periodic reports for two years certifying its compliance with the prevailing wage law as a condition of lifting the order.
4. The commissioner would be allowed to investigate the wage records of an employer in the construction industry upon the complaint of an employee for failure to pay required wages and contributions.
5. The commissioner would be permitted to issue subpoenas in connection with the investigation and fine individuals who willfully hinder it.
6. If an employer does not stop business despite being issued a Stop-Work Order, the commissioner would be permitted to assess a civil penalty of \$5,000 per day.

This legislation is an important first step in ensuring that workers are paid the wages and benefits to which they are entitled and have earned under the law.

For the forgoing reasons, we ask for a favorable committee report.

Sincerely,

Mungu Sanchez, Deputy Political Director

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Manno testimony SB1 FAV.pdf

Uploaded by: Roger Manno

Position: FAV

TESTIMONY OF ROGER P. MANNO, ESQ.

SB1 / HB145 - STATE FINANCE AND PROCUREMENT - PREVAILING WAGE - STOP
WORK ORDERS

FAVORABLE

Honorable Members of the House Economic Matters Committee and the Senate Finance Committee:

On behalf of the Eastern Atlantic States Regional Council of Carpenters, please accept this testimony in strong support of SB1 / HB145, to authorize the discretionary use of Stop Work Orders.

This legislation is simply a tool for eliminating worker exploitation, wage theft, and tax fraud and insurance fraud. According to a 2016 report from the Center for Popular Democracy, some 600,000 Marylanders are victims of wage theft each year, amounting to some \$900,000,000 in stolen wages. And while wage spans the gamut of workplaces and industries, it is most pernicious for lower wage workers in hospitality, landscaping and construction.

These problems are not unique to Maryland.

This legislation mirrors recently passed legislation in the State of New Jersey (S-2557, Sen. Singleton), which was prompted by a concerted legislative and executive effort to rein in misclassification, as it related directly to an annual loss of some half a billion dollars in lost / stolen wages, and millions of dollars in lost / unrealized unemployment, disability, and family leave contributions. That legislation passed with nearly unanimous bi-partisan support in committee (Democrats 9 YES / Republicans 3 YEA, 1 NAY) and on final passage (Democrats 25 YEA, 1 NOT VOTING / Republicans 12 YEA, 1 NAY, 1 NOT VOTING). Since passage of the legislation, the New Jersey's Attorney General and its Department of Labor have been successful in reducing the numbers of wage and misclassification violations, and recovering millions of dollars in lost and unrealized revenues.

Maryland would similarly benefit from this legislation. As introduced, this legislation is extremely measured, and is discretionary on the part of the Executive Branch. Despite that, there may be opponents who seek to water down this legislation through the amendment process.

We would ask the Economic Matters and Finance committees not to entertain any limiting amendments, as this legislation is extremely straight forward, and has been effective in curtailing wage theft, misclassification and insurance fraud in New Jersey. There is no indication that it will be less effective in Maryland. If, however, the Economic

Matters and Finance committees are inclined to entertain amendments, please also consider two amendments based on related laws passed in New Jersey, which complement and build-out the aspirational enforcement mechanisms of the legislation:

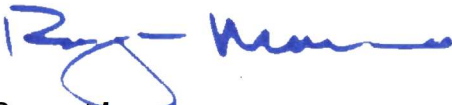
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Modeled after New Jersey's A5892 / S 3922, the second amendment streamlines the process for identifying unlawful employee misclassification, and provides that businesses that misclassify employees "for the purpose of evading payment of insurance premiums" commit insurance fraud. An adverse finding under this law will trigger an investigation by the Maryland Insurance Administration.

Implementing this legislation as introduced would be an enormous benefit for Maryland, our workers and our economy. In fact, the close to billion dollars in realized annual wages and revenues would provide an enormously stimulative effect, helpful providing needed programmatic funding, and stimulating Maryland's currently anemic job creation rate, the worst among states in the region.

Thank you for your consideration of this legislation, and the above referenced suggested amendments.

Sincerely at your service,



Roger Manno

MBE - Estime testimony SB1 HB145 FAV.pdf

Uploaded by: Roger Manno

Position: FAV



**TESTIMONY OF DR. LUNIQUE ESTIME, ESTIME ENTERPRISES, INC.
HB145 / SB1 - STATE FINANCE AND PROCUREMENT - PREVAILING WAGE -
STOP WORK ORDERS
FAVORABLE**

January 19, 2022

Hello, my name is Dr. Lunique Estime. I am an established certified Minority Business Enterprise (MBE) in Lanham, Maryland, and I strongly support HB145/SB1.

As an MBE, I am also a signatory contractor to the Carpenters union, and I hire union workers because I need the reliability and quality of the work done by these workers.

In a competitive bidding field, with high stakes projects, it's nearly impossible to compete with other contractors that underpay their workers, or cheat taxpayers by not complying with the law. It's also dangerous, and it's not right. Beyond that, from a purely business point of view, the stakes are just too high for me to be caught up in workplace or wage violations.

I have a lot invested in the reputation of my company. I started Estime Enterprises, Inc. in 1996, and have built a skilled team of professionals to provide excellent construction, construction management, facility maintenance, A&E, and telecommunication services to private corporations, State Governments, as well as Federal government agencies (civilian and military). Our team includes licensed professionals in the field of engineering, plumbing, heating, construction, and management. We handle projects of all kinds, sizes, and scopes whether it is setting up telecommunication towers, installing lines and antennas, or maintaining already-existing buildings.


To give you a sense of the scale, importance and security of our work, we provided the largest set of engineers in construction management services at the Ft. Belvoir Community Hospital, a state-of-the-art \$1.2 billion project designed to treat active and retired military personnel and their families. In addition, we Conducted the World Class Construction Initiative for the US Navy, and worked in association with Clark Construction on the new University of Maryland Regional Medical Center located in Largo, MD, constructing a 600,000 sq ft state of the art hospital.

As a proud MBE state and federal government contractor, I can tell you that we work hard, pay our taxes, and do the best job that we can.

It's hard enough being an MBE. but when my competitors cheat the system, we simply can't compete.

Please help us.

Thank You,


Lunique Estime
President

**4640 Forbes Boulevard, Suite 100 • Lanham, MD 20706
Phone: (301) 731-8316 • Fax: (301) 731-9779
www.estimateinc.com**

SB1 Testimony Packet.pdf

Uploaded by: Roger Manno

Position: FAV



NEW JERSEY SENATE

SENATOR TROY SINGLETON
SENATE MAJORITY WHIP
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COMMITTEES
COMMUNITY AND URBAN AFFAIRS, CHAIR
ECONOMIC GROWTH, VICE CHAIR
JUDICIARY

NJ STATE SENATOR TROY SINGLETON TESTIMONY IN SUPPORT OF SB001/HB0145 Prevailing Wage – Stop Work Orders FEBRUARY 10, 2022

Senator Kelly and Members of the Senate Finance Committee, thank you for allowing me to submit this testimony in support of legislation that will undoubtedly provide labor protections to many working men and women in Maryland.

My name is Senator Troy Singleton, and I represent the 7th Legislative District in the New Jersey State Senate. I am also a member of the Eastern Atlantic States Regional Council of Carpenters Local #255. So, I come to you this afternoon with the perspective of a fellow policy maker and someone who has seen firsthand what happens when workers are exploited by unscrupulous employers.

I am in strong support of Senate Bill 1/ House Bill 145. I want to thank the sponsors of this proposal for their advocacy and leadership on this issue. As the prime sponsor of similar legislation, which became law in New Jersey in July 2019, I am glad to see Maryland move in the same direction which will ensure employees on prevailing wage projects are paid accordingly and treated fairly.

Senate Bill 001/ House Bill 0145 will provide tools to the Commissioner of Labor and Industry in Maryland to protect workers and hold bad employers accountable. In New Jersey, we have seen instances where employers do not keep payroll records, misclassify workers as independent contractors, and do not provide workers' compensation insurance to employees who qualify. These practices must stop and the best, most effective way is to give the Commissioner the ability to issue stop-work orders when the employer is in violation.

Employee misclassification is a problem because when workers are misclassified as independent contractors by their employers, it not only diminishes their access to labor protections, but it also has real consequences on the State's economy and tax revenues. We acted in New Jersey to address this important issue after a 2018 New Jersey Department of Labor audit found more than 12,300 cases of workers were being misclassified, which resulted in more than \$460 million in underreported wages and \$14 million in lost state unemployment and temporary disability contributions.

This audit, which covered just 1% of businesses, means this is a much more widespread problem that not only cheats workers out of their entitled wages, but also cheats taxpayers and the government out of dollars that would fund workers comp and unemployment benefits. In the construction industry, this practice is even more egregious, harming both workers and law-abiding employers alike.

Before all else, we must protect the rights of the men and women who are working hard each and every day to earn a decent and fair living. We cannot build a stronger and fairer economy without strong workplace protections that ensure fairness for employees. This proposal sets a high standard for how we should treat our workers, and I hope that this body will expeditiously move to protect its workers. I thank the committee for this opportunity to address you and for your consideration of this important legislation. Thank You.



TESTIMONY

SB1 - STATE FINANCE AND PROCUREMENT – PREVAILING WAGE – STOP WORK ORDERS

FAVORABLE

To: Chair Kelley, Vice Chair Feldman and honorable members of the Senate Finance Committee

From: Carl Neimeyer, President, Bernward Mechanical and Construction Solutions

On behalf of Bernward Mechanical and Construction Solutions and the 52 skilled union tradesmen we employ in the State of Maryland, I am writing today in support of SB1. This bill is an important tool in fighting against fraudulent contractors and providing all workers a fair wage in the state procurement system.

I started this Maryland based Service Disabled Veteran Owned Small Business in 2016 with a strong mission to provide every worker with a just wage, the tools and training to do their job, and health and retirement benefits befitting the dignity of the middle class worker. As a result, we contend daily with losing jobs to companies who do not share our standards and ethics. This bill as written will provide the state with strong enforcement action to ensure that the wage due to the worker is paid, eliminate low road companies from competition, and bolster the workforce with well compensated, trained, and skilled workers in a time when they are in short supply.

One of our greatest challenges for our business is competing against companies that choose profits over ethics. We have elected on several occasions to decline bidding state work due to our knowledge that our non-union competition engages in worker misclassification and other unfair practices to give them a significant pricing edge over us. This practice must be brought to a stop. Giving the state the simple and effective enforcement actions laid out in this bill and already in force in New Jersey will immediately and rightfully impact those contractors exploiting their workers and taking part in illegal misclassification. Further, this will put these contractors on notice that illegal practices will no longer be tolerated and that they can no longer steal work from ethical contractors.

I implore you to take this important first step in ending wage theft and leveling the playing field for legitimate contractors in the State of Maryland. I hope that you share my goal to provide your constituents and resident businesses protection from those companies who seek to turn profit on the backs of the worker rather than build value in partnership with their workers. For these reasons, I ask for a favorable committee report on SB1.

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REGIONAL COUNCIL OF CARPENTERS

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TESTIMONY

SB1 / HB 145 - STATE FINANCE AND PROCUREMENT – PREVAILING WAGE –
STOP WORK ORDERS

FAVORABLE

Chair Kelley, Vice Chair Feldman and honorable members of the Senate Finance Committee:

On behalf of the Eastern Atlantic Regional Council of Carpenters (EASRCC), our 41,000 of the most skilled construction workers and apprentices in the nation, and including some 3,000 carpenters right here in the State of Maryland, we write today in support of HB145, providing one tool to address the issue of misclassification, wage and unemployment insurance theft within the state procurement system.

Modeled after successful legislation in New Jersey, Connecticut and many other states, this legislation provides Stop Work Order authority withing the Department of Labor, as one tool to hold accountable those employers and contractors who cheat workers and out of wages, and cheat taxpayers and government out of workers' compensation and unemployment trust fund dollars, as well as revenues to state and local economies.

Misclassification and wage theft runs rampant in work sites through the region, cheating workers out of millions of dollars in wages and benefits, and disadvantaging responsible companies by creating an un-level competitive playing field. The problem is particularly pernicious for underage and undocumented workers who are the most vulnerable to workplace exploitation by unscrupulous contractors and labor brokers. It a terrible problem that is difficult to curtail without tools developed specifically to target and stop that exploitation at the source. Beyond the wage and workplace rights of those workers, misclassification and wage theft cheats state and local taxpayers and economies tens of millions of dollars each year in lost or unrealized revenues, unemployment and other trust fund resources.

This legislation begins to rein that in. It provides as follows:

1. The Stop-Work Order would apply to every site where the violation continues to occur.



EASTERN ATLANTIC STATES REGIONAL COUNCIL OF CARPENTERS

Representing members in New Jersey, Pennsylvania, Delaware, Maryland, Virginia, West Virginia, Washington D.C., and 10 counties in North Carolina

2. It could only be lifted by the commissioner if the department finds the employer has agreed to pay future wages at the required rate, return any back-wages owed to workers and pay any penalty assessed by the department.
3. The commissioner may also require the employer to file periodic reports for two years certifying its compliance with the prevailing wage law as a condition of lifting the order.
4. The commissioner would be allowed to investigate the wage records of an employer in the construction industry upon the complaint of an employee for failure to pay required wages and contributions.
5. The commissioner would be permitted to issue subpoenas in connection with the investigation and fine individuals who willfully hinder it.
6. If an employer does not stop business despite being issued a Stop-Work Order, the commissioner would be permitted to assess a civil penalty of \$5,000 per day.

This legislation is an important first step in ensuring that workers are paid the wages and benefits to which they are entitled and have earned under the law.

For the forgoing reasons, we ask for a favorable committee report.

Sincerely,

Mungu Sanchez, Deputy Political Director

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Pittsburgh, PA 15205
Phone: 412-922-6200

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8500 Pennsylvania Avenue
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Phone: 301-735-6660

TESTIMONY – HB145 / SB1 - STATE FINANCE AND PROCUREMENT - PREVAILING
WAGE - STOP WORK ORDERS

KUNTA KENTE BEDNEY

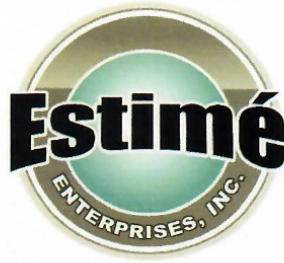
FAVORABLE

Good afternoon Chair Kelley, Vice Chair Feldman, committee members and guests. My name is Kunta Bedney and I am a Council Representative with the Eastern Atlantic States Regional Council of Carpenters. I service the DMV area (DC, PG County, Charles County, Montgomery County, and Northern Virginia). I am here in support of the "Prevailing Wage - Stop Work Order Bill."

I would like to start by sharing my life story and why this bill is so important to people like me. I had a rough childhood growing up. My Mom served ten years in prison and my Dad was killed in Lorton Prison in Lorton, Virginia. My great aunt raised me and she did her best to keep me out of trouble but trouble found me. I dropped out of high school in the 11th grade and started running the streets. I was arrested and had eighteen months to think about my life. When I came home, I went to a pre-apprenticeship program that allowed me to earn a GED and a pre-apprenticeship certificate in construction. I enrolled in the Carpenters apprenticeship program, worked my way up from an apprentice, to a journeyman, then to a foreman and now I am a Council Representative. It's important that these programs continue to thrive in low income areas and continue to help people that need second chances to change their lives from poverty to the middle class. I am proud to say today that I'm a father of six children, engaged to be married, and a productive citizen, all of which I learned from professional men and women in the Carpenters Union.

This bill stops unscrupulous contractors from being bad actors in the construction industry. If contractors aren't breaking the law they have nothing to worry about. This legislation ensures that workers like me are paid the wages and benefits to which we are entitled and have earned under the law.

Thank you for your time and I ask for a favorable committee report.



**TESTIMONY OF DR. LUNIQUE ESTIME, ESTIME ENTERPRISES, INC.
HB145 / SB1 - STATE FINANCE AND PROCUREMENT - PREVAILING WAGE -
STOP WORK ORDERS
FAVORABLE**

January 19, 2022

Hello, my name is Dr. Lunique Estime. I am an established certified Minority Business Enterprise (MBE) in Lanham, Maryland, and I strongly support HB145/SB1.

As an MBE, I am also a signatory contractor to the Carpenters union, and I hire union workers because I need the reliability and quality of the work done by these workers.

In a competitive bidding field, with high stakes projects, it's nearly impossible to compete with other contractors that underpay their workers, or cheat taxpayers by not complying with the law. It's also dangerous, and it's not right. Beyond that, from a purely business point of view, the stakes are just too high for me to be caught up in workplace or wage violations.

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Please help us.

Thank You,

Lunique Estime
Lunique Estime
President

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Plumbers Local Union No. 5

United Association of Journeymen and Apprentices of the Plumbing and Pipe Fitting Industry of the United States and Canada, AFL-CIO

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TESTIMONY

HB 145 / SB1 - STATE FINANCE AND PROCUREMENT – PREVAILING WAGE – STOP WORK ORDERS

FAVORABLE

Chair Wilson, Vice Chair Crosby and honorable members of the House Economic Matters Committee:

As Business Manager/Financial Secretary Treasurer of UA Plumbers & Gasfitters Local 5, please accept this letter in strong support of HB145 /SB1, to authorize the use of Stop Work Order on Maryland state worksites.

The UA Plumbers & Gasfitters Local 5 have been installing, maintaining, and servicing the waste, water & gas systems in the Washington D.C. area since 1890. We represent some 1,800 of the most highly skilled construction workers to be found anywhere, including over 300 apprentices, which provide the workforce excellence across some 65 signatory construction contractors throughout the Washington, DC Metropolitan area.

We provide and fund some of the most comprehensive and rigorous skills training programs in the nation, due in large part to the Davis-Bacon and Prevailing Wage programs at the federal, state and county levels. Those programs are the basis for exceptional skills training and pipelines to outstanding middle class careers in the construction trades.

Our ability to continue those programs is based on our ability to compete on a level playing field with other contractors and construction teams. But when contractors or subcontractors cheat by misclassifying or otherwise engaging in wage theft or exploitation, our workers find it harder and harder to provide the training that has built some of the most important infrastructure in the nation.

But beyond the theft and exploitation of the workers, these practices rob state and local taxpayers of millions of dollars in lost revenues, unemployment insurance, and other programmatic and safety-net funding.

This legislation is a necessary small step in providing a discretionary tool needed to begin to rein in some of these unscrupulous practices.

For these reasons, I ask for a favorable committee report.

Sincerely,

Terreia "T" Smalls
UA Plumbers & Gasfitters Local No. 5
Business Manager / Financial Secretary Treasurer

TESTIMONY SERGIO BAUTISTA-REYES

HB145/SB1 – STOP WORK ORDER LEGISLATION

FAVORABLE

Hello. My name is Sergio Bautista-Reyes and I am council representative at the Eastern Atlantic States Regional Council of Carpenters. I'm a resident of Baltimore County, in the second district.

Before I became a member of the carpenters local, I worked for several labor brokers, getting paid in cash or checks without any tax deductions, never got paid OT, even got hurt a couple times in the job site but my boss did not care at all. I remember the first time I heard about the union and asked my boss about it, said "don't you ever talk to those people, they are not good for you". After a few years I was blessed to be organized by one of the Local Representatives who educated me about the ongoing dynamic in the construction industry and the benefits of joining the carpenters local, so I did. After five years in the local I got the opportunity to start working for the Council of Carpenters.

Being a Representative for the Carpenters Council has giving me the opportunity to educate workers in this trade, help them to understand their rights and that there is a better way of life by joining the local and stop working for these labor brokers who exploit them and undermine our industry by paying low wages and cheating the system.

I do not regret, taking the decision to become a member of the carpenters local because I have been able to provide for my family and help others in need and at the same time have a peace of mind looking forward for the benefit of a future retirement.

I believe that without this legislation, thousands of workers that are in the same situation I was in before, will have a harder time finding a job with fair wages and benefits or even building a business because we can't compete against contractors that cheat their workers and the taxpayers.

Please support this legislation.

TESTIMONY OF ROGER P. MANNO, ESQ.

SB1 / HB145 - STATE FINANCE AND PROCUREMENT - PREVAILING WAGE - STOP
WORK ORDERS
FAVORABLE

Honorable Members of the House Economic Matters Committee and the Senate Finance Committee:

On behalf of the Eastern Atlantic States Regional Council of Carpenters, please accept this testimony in strong support of SB1 / HB145, to authorize the discretionary use of Stop Work Orders.

This legislation is simply a tool for eliminating worker exploitation, wage theft, and tax fraud and insurance fraud. According to a 2016 report from the Center for Popular Democracy, some 600,000 Marylanders are victims of wage theft each year, amounting to some \$900,000,000 in stolen wages. And while wage spans the gamut of workplaces and industries, it is most pernicious for lower wage workers in hospitality, landscaping and construction.

These problems are not unique to Maryland.

This legislation mirrors recently passed legislation in the State of New Jersey (S-2557, Sen. Singleton), which was prompted by a concerted legislative and executive effort to rein in misclassification, as it related directly to an annual loss of some half a billion dollars in lost / stolen wages, and millions of dollars in lost / unrealized unemployment, disability, and family leave contributions. That legislation passed with nearly unanimous bi-partisan support in committee (Democrats 9 YES / Republicans 3 YEA, 1 NAY) and on final passage (Democrats 25 YEA, 1 NOT VOTING / Republicans 12 YEA, 1 NAY, 1 NOT VOTING). Since passage of the legislation, the New Jersey's Attorney General and its Department of Labor have been successful in reducing the numbers of wage and misclassification violations, and recovering millions of dollars in lost and unrealized revenues.

Maryland would similarly benefit from this legislation. As introduced, this legislation is extremely measured, and is discretionary on the part of the Executive Branch. Despite that, there may be opponents who seek to water down this legislation through the amendment process.

We would ask the Economic Matters and Finance committees not to entertain any limiting amendments, as this legislation is extremely straight forward, and has been effective in curtailing wage theft, misclassification and insurance fraud in New Jersey. There is no indication that it will be less effective in Maryland. If, however, the Economic

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Thank you for your consideration of this legislation, and the above referenced suggested amendments.

Sincerely at your service,



Roger Manno

TESTIMONY SERGIO BAUTISTA-REYES

HB145/SB1 – STOP WORK ORDER LEGISLATION

FAVORABLE

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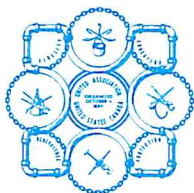
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Please support this legislation.

Terriea T Smalls testimony HB145 FAV.pdf

Uploaded by: Roger Manno

Position: FAV



Plumbers Local Union No. 5

United Association of Journeymen and Apprentices of the Plumbing and Pipe Fitting Industry of the United States and Canada, AFL-CIO

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TESTIMONY

HB 145 / SB1 - STATE FINANCE AND PROCUREMENT – PREVAILING WAGE – STOP WORK ORDERS

FAVORABLE

Chair Wilson, Vice Chair Crosby and honorable members of the House Economic Matters Committee:

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Our ability to continue those programs is based on our ability to compete on a level playing field with other contractors and construction teams. But when contractors or subcontractors cheat by misclassifying or otherwise engaging in wage theft or exploitation, our workers find it harder and harder to provide the training that has built some of the most important infrastructure in the nation.

But beyond the theft and exploitation of the workers, these practices rob state and local taxpayers of millions of dollars in lost revenues, unemployment insurance, and other programmatic and safety-net funding.

This legislation is a necessary small step in providing a discretionary tool needed to begin to rein in some of these unscrupulous practices.

For these reasons, I ask for a favorable committee report.

Sincerely,

Terreia "T" Smalls
UA Plumbers & Gasfitters Local No. 5
Business Manager / Financial Secretary Treasurer

Testimony for Bill SB1- HB145.pdf

Uploaded by: Sergio Bautista

Position: FAV

Bill SB1 / HB145

Good afternoon, Chair Kelley, Vice Chair Feldman and honorable members of the Senate Finance Committee. My name is Sergio Bautista-Reyes and I am council representative at the Eastern Atlantic States Regional Council of Carpenters. I'm a resident of Baltimore County, in the second district. I'm here today to testify in favor of bill SB1 / HB145.

Before I became a member of the carpenters local, I worked for several labor brokers, getting paid in cash or checks without any tax deductions, never got paid OT, even got hurt a couple times in the job site but my boss did not care at all. I remember the first time I heard about the union and asked my boss about it, said "don't you ever talk to those people, they are not good for you". After a few years I was blessed to be organized by one of the Local Representatives who educated me about the ongoing dynamic in the construction industry and the benefits of joining the carpenters local, so I did. After five years in the local I got the opportunity to start working for the Council of Carpenters.

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I do not regret, taking the decision to become a member of the carpenters local because I have been able to provide for my family and help others in need and at the same time have a peace of mind looking forward for the benefit of a future retirement. I believe that without this legislation, thousands of workers that are in the same situation I was in before, will have a harder time finding a job with fair wages and benefits or even building a business because we can't compete against contractors that cheat their workers and the taxpayers.

Please support this legislation.

Singleton MD Senate Stop Work Order Testimony.pdf

Uploaded by: Troy Singleton

Position: FAV



NEW JERSEY SENATE

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SenSingleton@njleg.org

COMMITTEES
COMMUNITY AND URBAN AFFAIRS, CHAIR
ECONOMIC GROWTH, VICE CHAIR
JUDICIARY

NJ STATE SENATOR TROY SINGLETON TESTIMONY IN SUPPORT OF SB001/HB0145 Prevailing Wage – Stop Work Orders FEBRUARY 10, 2022

Senator Kelly and Members of the Senate Finance Committee, thank you for allowing me to submit this testimony in support of legislation that will undoubtedly provide labor protections to many working men and women in Maryland.

My name is Senator Troy Singleton, and I represent the 7th Legislative District in the New Jersey State Senate. I am also a member of the Eastern Atlantic States Regional Council of Carpenters Local #255. So, I come to you this afternoon with the perspective of a fellow policy maker and someone who has seen firsthand what happens when workers are exploited by unscrupulous employers.

I am in strong support of Senate Bill 1/ House Bill 145. I want to thank the sponsors of this proposal for their advocacy and leadership on this issue. As the prime sponsor of similar legislation, which became law in New Jersey in July 2019, I am glad to see Maryland move in the same direction which will ensure employees on prevailing wage projects are paid accordingly and treated fairly.

Senate Bill 001/ House Bill 0145 will provide tools to the Commissioner of Labor and Industry in Maryland to protect workers and hold bad employers accountable. In New Jersey, we have seen instances where employers do not keep payroll records, misclassify workers as independent contractors, and do not provide workers' compensation insurance to employees who qualify. These practices must stop and the best, most effective way is to give the Commissioner the ability to issue stop-work orders when the employer is in violation.

Employee misclassification is a problem because when workers are misclassified as independent contractors by their employers, it not only diminishes their access to labor protections, but it also has real consequences on the State's economy and tax revenues. We acted in New Jersey to address this important issue after a 2018 New Jersey Department of Labor audit found more than 12,300 cases of workers were being misclassified, which resulted in more than \$460 million in underreported wages and \$14 million in lost state unemployment and temporary disability contributions.

This audit, which covered just 1% of businesses, means this is a much more widespread problem that not only cheats workers out of their entitled wages, but also cheats taxpayers and the government out of dollars that would fund workers comp and unemployment benefits. In the construction industry, this practice is even more egregious, harming both workers and law-abiding employers alike.

Before all else, we must protect the rights of the men and women who are working hard each and every day to earn a decent and fair living. We cannot build a stronger and fairer economy without strong workplace protections that ensure fairness for employees. This proposal sets a high standard for how we should treat our workers, and I hope that this body will expeditiously move to protect its workers. I thank the committee for this opportunity to address you and for your consideration of this important legislation. Thank You.

SB1 Victoria Leonard LiUNA (FAV).pdf

Uploaded by: Victoria Leonard

Position: FAV



February 10, 2022

The Honorable Delores Kelley
Chair, Senate Finance Committee
Miller Senate Office Building - 3 East
Annapolis, Maryland 21401

SB 1: State Finance and Procurement – Prevailing Wage – Stop Work Orders
Written Testimony of Victoria Leonard

Position – Favorable

Thank you Chair Kelley and members of the Finance Committee for the opportunity to submit written testimony on SB 1. My name is Victoria Leonard, Political and Legislative Director for the Baltimore-Washington Laborers' District Council (BWLDC), an affiliate of the Laborers' International Union of North America, or LiUNA for short. The BWLDC represents more than 7,500 members across Maryland, Virginia, and the District of Columbia. Our members work on a large number of public works construction projects across Maryland.

LiUNA supports SB 1. Wage theft continues to be a problem in the construction industry and this bill provides another tool in the toolbox to help address it. Specifically, it gives the Commissioner of Labor and Industry the authority to issue a stop work order for construction sites where evidence exists of prevailing law violations. SB 1 also enables prime contractors to terminate their subcontractors without liability should the subcontractor receive a stop work order. The bill also enables the Commissioner to assess a penalty for violations of the stop work order.

This bill will serve as a deterrent to contractors who bid prevailing wage public works projects with the intent to misclassify their workforce as independent contractors or submit falsified certified payrolls.

Maryland would be joining New Jersey in passing legislation to utilize stop work orders to fight wage theft. In July 2019, the New Jersey Department of Labor and Workforce Development used its new authority to shut down two public works construction sites – an elementary school and a fire station – where the contractor was engaging in wage theft, demonstrating that SB 1 can be a very effective tool and help protect workers from unscrupulous contractors.

LiUNA urges the committee to vote favorably on SB 1.

SB0001_MarylandAGC_McCulloch_FWA.pdf

Uploaded by: Champe McCulloch

Position: FWA



SB 1

State Finance and Procurement - Prevailing Wage - Stop Work Orders

Finance Committee

Position: Favorable with Amendment

Maryland AGC, the Maryland Chapter of the Associated General Contractors of America, provides professional education, business development, and advocacy for commercial construction companies and vendors, both open shop and union. AGC of America is the nation's largest and oldest trade association for the construction industry. AGC of America represents more than 26,000 firms, including over 6,500 of America's leading general contractors, and over 9,000 specialty-contracting firms, all through a nationwide network of chapters. Maryland AGC respectfully urges SB 1 be amended, and, as amended, be given a favorable report.

SB 1 would allow the Commissioner of Labor and Industry to impose stop work orders if a contractor or subcontractor were found to have failed to pay the correct prevailing wage. The stop work order could be lifted if the Commissioner finds that the correct wage is being paid and all penalties also have been paid. The bills allow for an appeal to the Appeals Board if taken within 72 hours of the issuance of the stop work order. The bill allows a prime contractor to terminate without liability a subcontractor against whom a stop work order has been issued.

Imposition of a stop work order is a drastic tool that cripples work on a project even if issued against a single subcontractor. As the Fiscal Note points out, "Imposition of stop work orders has the potential to disrupt and even derail public works and infrastructure projects, likely increasing the costs of those projects." Sequencing of tasks on a project is crucial, indeed it is the critical path. Imposition of a stop work order on one subcontractor affects every subcontractor down the line whose work and schedule are dependent on the timely execution of work by the subcontractor subject to a stop work order. Innocent employees of innocent subcontractors will be idled – and not paid – in that situation.

Moreover, as the Fiscal Note points out, "Current law authorizes agencies to withhold progress payments from contractors found to be in violation of the prevailing wage law, and the commissioner advises that this enforcement mechanism has been very effective in recovering more than \$4 million in unpaid wages since fiscal 2018. The assessment of liquidated damages, also authorized under current law, serves as both a deterrent and enforcement mechanism for violations of the prevailing wage law."

The bill imposes no limitations on the discretion of the Commissioner of Labor and Industry in issuing a stop work order, allowing a commissioner to impose a stop work order for simple misunderstandings, miscalculations, or good faith disputes over the correct wage. Rather than allow this, the bill should focus on the true "bad actors" that knowingly and willfully fail to pay the prevailing wage. Thus, the bill should be amended to limit the issuance of stop work orders to cases where the contractor or subcontractor knew or reasonably should have known of the obligation to pay the correct prevailing wage and willfully and deliberately failed or refused to do so. This distinction is already recognized in §17-222, which sets different levels of liquidated damages for failure to pay the prevailing wage: \$20/laborer/day for non-malicious failures and \$250/laborer/day for deliberate failures. An amendment to that effect is attached to my testimony.

Secondly, the bill is not entirely clear on whether a stop work order would apply to the entire site, which would punish innocent contractors, or just to the offending contractor. A second amendment is attached to add greater clarity.

Existing remedies are working effectively, and the proposed stop work order remedy is fraught with collateral damage and unintended consequences. Accordingly, for the reasons set forth above, Maryland AGC respectfully urges SB 1 be amended, and, as amended, be given a favorable report.

Champe C. McCulloch
McCulloch Government Relations, Inc.
Lobbyist for Maryland AGC

AMENDMENTS TO SENATE BILL 1
(First Reading File Bill)

AMENDMENT NO. 1

On page 5, in line 7, strike beginning with “MAY” through “REQUIREMENT” in line 8 and insert “THAT KNEW OR REASONABLY SHOULD HAVE KNOWN OF THE OBLIGATION TO PAY THE PREVAILING WAGE RATE MAY HAVE DELIBERATELY FAILED OR REFUSED”.

AMENDMENT NO. 2

On page 5, in line 9, immediately after “ORDER”, insert “AGAINST SAID CONTRACTOR OR SUBCONTRACTOR”.

sb1test-Stop Work Orders (ABC).pdf

Uploaded by: Marcus Jackson

Position: FWA



**Maryland Joint
Legislative Committee**

February 10, 2022

The Voice of Merit Construction

Mike Henderson

*President
Greater Baltimore Chapter
mhenderson@abcbaltimore.org*

Chris Garvey

*President & CEO
Chesapeake Shores Chapter
cgarvey@abc-chesapeake.org*

Dan Bond CAE

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Gregory Brown

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Joint Legislative Committee
greg@waynesboroconstruction.com*

Marcus Jackson

*Director of Government Affairs
Metro Washington Chapter
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Additional representation by:
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6901 Muirkirk Meadows Drive
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Beltsville, MD 20705
(T) (301) 595-9711
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TO: ECONOMIC MATTERS COMMITTEE
FROM: ASSOCIATED BUILDERS AND CONTRACTORS
RE: S.B. 1 – PREVAILING WAGE – STOP WORK ORDERS
POSITION: FAVORABLE WITH AMENDMENTS

On behalf of the Associated Builders and Contractors for Maryland, we appreciate the General Assembly’s efforts to protect workers in the construction industry. S.B. 145 authorizes the Commissioner of Labor and Industry to issue a stop work order for each work site where investigation has determined that a contractor or subcontractor may have violated the prevailing wage requirements. Furthermore, the bill introduces the Board of Contract Appeals into the adjudicatory process of prevailing wage violations.

ABC members support Maryland’s long-standing prevailing wage law and its requirement of contractors and subcontractors to pay their workers on public projects a wage established by the Commissioner. Contractors’ who intentionally violate this law unfairly take advantage of workers and underbid our members. ABC respectfully recommends the following amendments which:

- 1) Empower the Commissioner to immediately issue a stop work order when there is an exigent circumstance for public health or safety, provided an emergency hearing is granted within 24 hours.
- 2) Empowers the Commissioner to issue a show cause order compelling a Contractor to respond to the investigation in expedited.
- 3) If a Contractor, after a hearing, is determined to have violated the law, the Commissioner may issue a stop work order against the violating party.
- 4) If a stop work order is issued against a subcontractor, the prime contractor on the contract may terminate the contract with the subcontractor without incurring liability for damages resulting from the termination.
- 5) Eliminates the inclusion of the Board of Contract Appeals.

On behalf of the over 1,500 ABC business members in Maryland, we respectfully request a **favorable report with amendments** on S.B. 1.

**Marcus Jackson, Director
Government Affairs**

AMENDMENT 1

On page 2, strike in their entirety lines 20-23 inclusive.

On page 2, strike in their entirety lines 28-39 inclusive.

AMENDMENT 2

On page 5, strike beginning with "A" in line 9 down through "OCCURRED" in line 10 and substitute ":

1. AN EMERGENCY STOP WORK ORDER AND CONDUCT A HEARING WITHIN 24 HOURS IF IN THE COMMISSIONER'S OPINION AN EXIGENT CIRCUMSTANCE FOR PUBLIC HEALTH OR SAFETY EXISTS; OR

2. AN EMERGENCY SHOW CAUSE ORDER TO DETERMINE WHETHER THE CONTRACTOR OR SUBCONTRACTOR:

(I) HAS VIOLATED THE REQUIREMENT TO PAY PREVAILING WAGE RATE UNDER THIS SUBTITLE; AND

(II) THE SHOW CAUSE ORDER SHALL SET FORTH THE MATERIAL FACTS, AND ATTACH THE MATERIAL DOCUMENTS, UPON WHICH THE COMMISSIONER'S INITIAL DETERMINATION OF A VIOLATION IS BASED.

3. IF, AFTER THE SHOW CAUSE HEARING, THE COMMISSIONER DETERMINES THAT THE CONTRACTOR OR SUBCONTRACTOR HAS VIOLATED THE PREVAILING WAGE RATE, THE COMMISSIONER MAY ISSUE A STOP WORK ORDER TO THE CONTRACTOR OR SUBCONTRACTOR FOUND IN VIOLATION OF THE PREVAILING WAGE RATE TO CEASE ALL BUSINESS OPERATIONS AT EVERY SITE WHERE THE CONTRACTOR OR SUBCONTRACTOR HAS COMMITTED A VIOLATION OCCURRED."

On page 5, line 11 strike "STOP WORK ORDER" and substitute "THE EMERGENCY SHOW CAUSE ORDER".

On page 5, line 17 after "INCURRING" insert "ANY CIVIL"; in the same line after "DAMAGES" insert "TO THE SUBCONTRACTOR WHOSE CONTRACT WAS TERMINATED, ANY OTHER SUBCONTRACTORS AFFECTED BY THE TERMINATION, OR ANY PUBLIC BODY".

AMENDMENT 3

On page 6, line 6 strike "STOP WORK ORDER" and substitute "AN EMERGENCY SHOW CAUSE ORDER";

On page 6, strike beginning with "SUBMIT" in line 7 down through "ORDER" in line 8 and substitute "REQUEST A HEARING TO THE COMMISSIONER".

On page 6, line 9 strike "AN APPEAL" and substitute "A HEARING".

On page 6, line 11 strike "APPEALS BOARD" and substitute "COMMISSIONER"; in that same line strike "7" and substitute "5".

On page 6, line 12 strike "WRITTEN APPEAL" and substitute "REQUEST FOR A HEARING".

On page 6, line 13 strike "APPEALS BOARD" and substitute "COMMISSIONER"; in that same line strike "7" and substitute "5".

On page 6, strike beginning with "WRITTEN" in line 14 down through "ORDER" in line 16 and substitute "REQUEST FOR A HEARING, THE COMMISSIONER SHALL RELEASE THE SHOW CAUSE ORDER".

On page 6, line 17 strike "A" and substitute "AN EMERGENCY SHOW CAUSE", in that same line strike beginning with "ON" down through "ORDER" in line 18.

On page 6, line 18 strike "APPEALS BOARD" and substitute "COMMISSIONER".

On page 6, line 19 strike "ON THE APPEAL".

On page 6, strike beginning with "AN" in line 21 down through "DETERMINED." in line 22 and substitute "A DETERMINATION AS TO WHETHER A VIOLATION OCCURRED; AND

2. WHETHER A STOP WORK ORDER SHOULD BE ISSUED ALONG WITH THE CONDITIONS UPON WHICH IT MAY BE RELEASED;

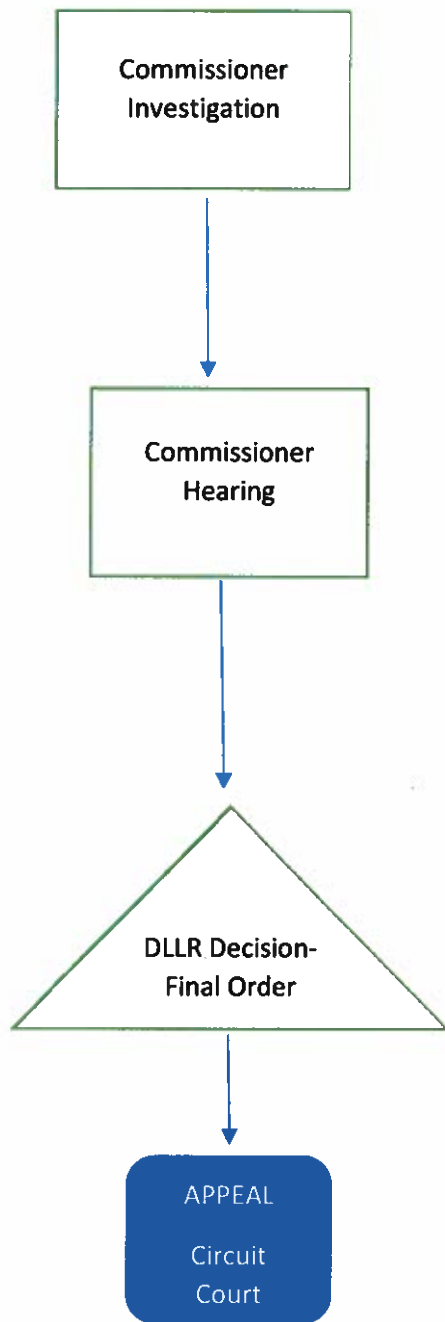
3. A DETERMINATION UNDER THIS SECTION SHALL BE A FINAL ORDER OF THE COMMISSIONER."

AMENDMENT 4

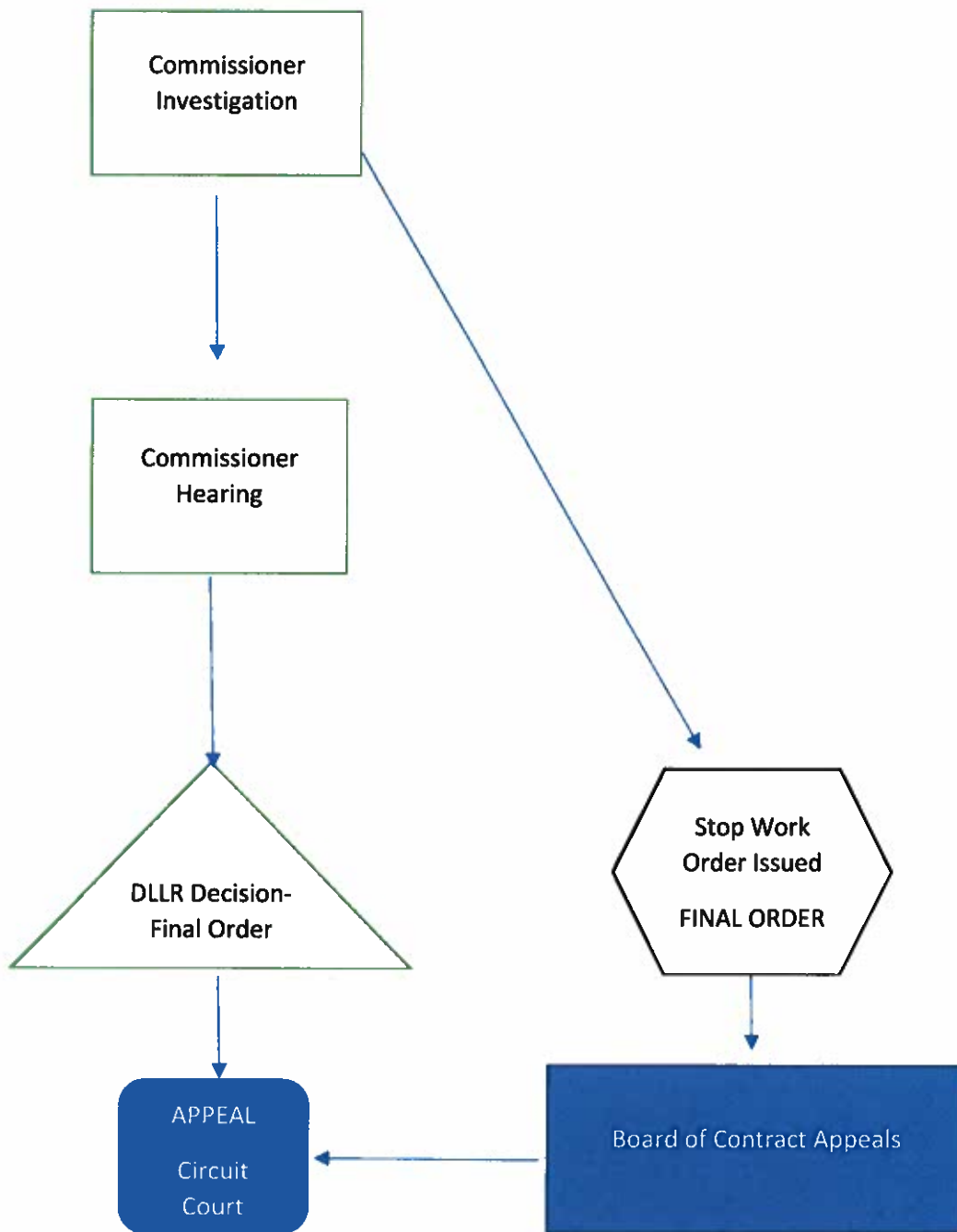
On page 7, line 26 strike "LESS" and substitute "MORE".

On page 7, line 28 strike "HEARING OR".

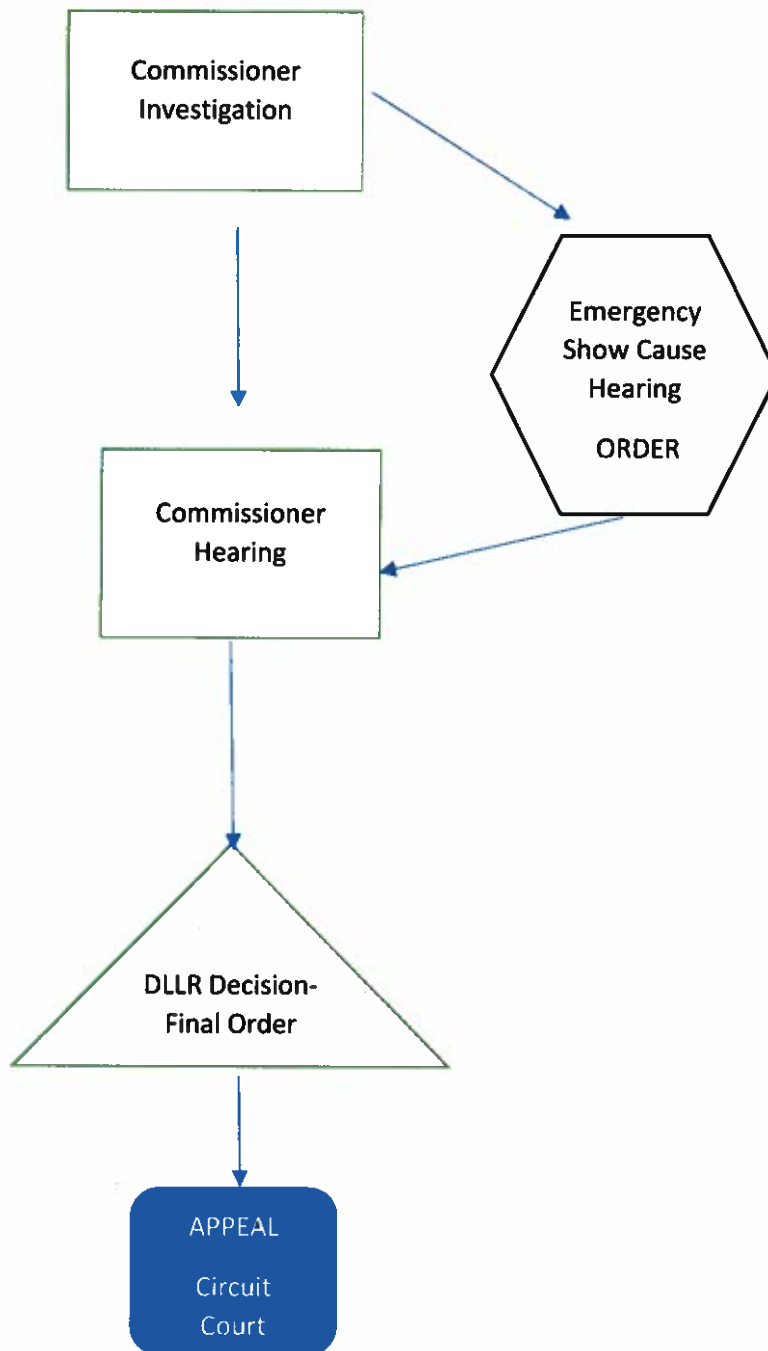
CURRENT PREVAILING WAGE ENFORCEMENT CHART



PROPOSED FLOWCHART FOR PREVAILING WAGE VIOLATIONS



ASSOCIATED BUILDERS AND CONTRACTORS' AMENDMENTS



SB1_LOO_State Finance and Procurement - Prevailing

Uploaded by: Kevin O'Keeffe

Position: UNF



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8751 Freestate Drive
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Laurel, MD 20723

February 10, 2022

To: Members of the Senate Finance Committee

From: Independent Electrical Contractors (IEC) Chesapeake

Re: Oppose Senate Bill 1 – State Finance and Procurement - Prevailing Wage - Stop Work Orders

Independent Electrical Contractors (IEC) Chesapeake opposes Senate Bill (SB) 1 and requests an unfavorable report. The bill as drafted is vague and has excessive penalties which will disadvantage contractors and could shutdown construction projects resulting in additional costs and loss of jobs. The bill language that allows the Commissioner of Labor to issue a Stop Work Order if a contractor or sub contractor “MAY HAVE VIOLATED THE REQUIREMENT TO PAY THE PREVAILING WAGE” should not merit a Stop Work Order.

In addition, it is unreasonable to shutdown an entire work site based on only allegations against one sub contractor on a work site. Once a Stop Work Order is issued, the Labor Commissioner should schedule a hearing. The burden to request a hearing should not be on the contractor.

Stop Work Orders can cause financial damages to contractors and can at best slowdown projects and at worst permanently shut them down. During the COVID pandemic, it has been a challenge for construction contractors to complete projects. There are currently sufficient laws and processes to address prevailing wage violations. Senate Bill 1 creates unnecessary burdens on contractors and subcontractors.

Thank you for your consideration. If you have any questions, please contact Grant Shmelzer, Executive Director of IEC Chesapeake, at 1-301-621-9545, extension 114 or at gshmelzer@iec-chesapeake.com or Kevin O’Keeffe at 410-382-7844 or at kevin@kokeeffelaw.com.

About Us

Independent Electrical Contractors (IEC) Chesapeake represents members throughout Delaware, Maryland, Virginia, Pennsylvania, and Washington, D.C. Our headquarters are located in Laurel, Maryland. IEC Chesapeake has an extensive apprenticeship program for training electricians. In addition, IEC Chesapeake promotes green economic growth by providing education and working with contractor members, industry partners, government policy makers and inspectors to increase the use of renewable energy.



MBIA Letter of Opposition SB 1.pdf

Uploaded by: Lori Graf

Position: UNF

February 10, 2022

The Honorable Delores G. Kelley
Senate Finance Committee
Miller Senate Office Building,
3 East Wing 11 Bladen St.,
Annapolis, MD, 21401

RE: Opposition SB 1 State Finance and Procurement – Prevailing Wage – Stop Work Orders

Dear Chairwoman Kelley:

The Maryland Building Industry Association, representing 100,000 employees statewide, appreciates the opportunity to participate in the discussion surrounding **SB 1 State Finance and Procurement – Prevailing Wage – Stop Work Orders**. **MBIA Opposes** the Act in its current version.

This bill would authorize the Commission of Labor and Industry to issue stop work orders for worksites where there is an initial determination that a contractor or subcontractor violated prevailing wage requirements. MBIA respectfully opposes this measure. It is important to make certain that employees are getting paid the wage set by the State, however there is no provision in this bill that would give warning to a contractor that may be in violation and the procedures for whether a violation may have occurred. This ambiguity leaves the potential for the process to be lengthy due to the uncertainty of which records and documentation needs to be produced in order to prove compliance.

For these reasons, MBIA respectfully requests the Committee give this measure an unfavorable report. Thank you for your consideration.

For more information about this position, please contact Lori Graf at 410-800-7327 or lgraf@marylandbuilders.org.

cc: Members of the Senate Finance Committee

SB 1_MAA_UNF.pdf

Uploaded by: Rachel Clark

Position: UNF

CHAIRMAN:
Rob Scrivener
VICE CHAIRMAN
Brian Russell

MARYLAND ASPHALT ASSOCIATION



SECRETARY:
David Slaughter
TREASURER:
Jeff Graf
PRESIDENT:
G. Marshall Klinefelter

February 10th, 2022

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

**RE: SB 1 – State Finance and Procurement – Prevailing Wage – Stop Work Orders -
OPPOSE**

Dear Chair Kelley and Members of the Finance Committee:

The Maryland Asphalt Association is comprised of 18 producer members representing more than 47 production facilities, 24 contractor members, 24 consulting engineer firms and 41 other associate members. We proactively work with regulatory agencies to represent the interests of the asphalt industry both in the writing and interpretation of state and federal regulations that may affect our members. We also advocate for adequate state and federal funding for Maryland's multimodal transportation system.

While we appreciate the Sponsor's intent with this legislation, as we see value in upholding the State's prevailing wage law, we must oppose SB 1. This bill is onerous in its nature and has the potential to completely derail projects within our industry. The delays that would occur as a result of the bill would result in increased project costs. At a time when we are facing high inflation, high demand, worker shortages, and disrupted supply chains, in addition to continued consequences of the COVID-19 pandemic, we simply cannot afford any more delays. Additionally, we have serious concerns that this legislation would apply to all allegations of violation, including those where an allegation did not occur.

It is for these reasons we ask you for an UNFAVORABLE report on Senate Bill 1. We thank you for your time and consideration.

Thank you,

Marshall Klinefelter
President
Maryland Asphalt Association

SB 1_MT MBA_UNF.pdf

Uploaded by: Rachel Clark

Position: UNF



February 10th, 2022

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

**RE: SB 1 – State Finance and Procurement – Prevailing Wage – Stop Work Orders -
OPPOSE**

Dear Chair Kelley and Members of the Finance Committee:

The Maryland Transportation Builders and Materials Association (“MTBMA”) has been and continues to serve as the voice for Maryland’s construction transportation industry since 1932. Our association is comprised of 200 members. MTBMA encourages, develops, and protects the prestige of the transportation construction and materials industry in Maryland by establishing and maintaining respected relationships with federal, state, and local public officials.

While we appreciate the Sponsor’s intent with this legislation, as we see value in upholding the State’s prevailing wage law, we must oppose SB 1. This bill is onerous in its nature and has the potential to completely derail projects within our industry. The delays that would occur as a result of the bill would result in increased project costs. At a time when we are facing high inflation, high demand, worker shortages, and disrupted supply chains, in addition to continued consequences of the COVID-19 pandemic, we simply cannot afford any more delays. Additionally, we have serious concerns that this legislation would apply to all allegations of violation, including those where an allegation did not occur.

It is for these reasons we ask you for an UNFAVORABLE report on Senate Bill 1. We thank you for your time and consideration.

Thank you,

Michael Sakata
President and CEO
Maryland Transportation Builders and Materials Association

SB001_HB0145_MDL_Letter of Information (3).pdf

Uploaded by: Andrew Fulginiti

Position: INFO

House Bill 145/Senate Bill 1

Date: February 10, 2022

Committee: Senate Finance

Bill Title: State Finance and Procurement - Prevailing Wage - Stop Work Orders

RE: **Letter of Information**

HB0145/SB0001 makes significant changes to the Prevailing Wage section of the State Finance and Procurement Article that may negatively impact the prevailing wage system, make contractors less likely to want to perform prevailing wage work, and could result in less competition and increased pricing on public works projects. This proposal could result in entire public works projects being placed under a stop work order and construction workers being prevented from working and receiving wages without a final determination having been issued by the Commissioner. This bill broadly expands the authority of the Commissioner to issue a stop work order to an entire jobsite when there is a mere suspicion that there may be a violation of the prevailing wage law.

Under this proposal, a single contractor, who may not even actually be in violation of the law, can trigger an investigation that would allow the Commissioner to cease operations of an entire jobsite. All contractors working on the site would be prevented from working, delaying the progress of the project and pushing back completion dates for vital projects such as highways, schools, and other public works. The proposal also allows for stop work orders to be issued to worksites where the contractor in question is no longer performing work but may have been in violation. This is significant as large projects employ dozens of individual subcontractors, and one investigation could bring the entire jobsite to a halt.

Under this proposal, a contractor violating the stop work order, even if unrelated to suspected violations, faces penalties up to \$5,000 per day.

The Department is concerned that the authority granted under this proposal is overly broad and unnecessary. Currently, the Commissioner has the authority to require the procuring agency to stop payment if a contractor is determined by investigation to be in violation of the prevailing wage laws. The power granted under the current law is so strong that in the last ten years, not a single case has made it to a court hearing. Every investigation where a contractor has been determined to be in violation of the law has resulted in the workers being made whole within the existing means of the Commissioner.

Many, if not most, violations of the prevailing wage laws are minor issues that can be quickly rectified. Issues such as a miscalculation of the number of hours of overtime worked or counting a tradesman in the wrong category (for example having a “tile and terrazzo mechanic” being paid as a “tile and terrazzo finisher”). Once the errors are brought to the attention of the employer, they are typically quickly corrected without issue.

In addition to the extreme power given to the Commissioner to stop work on an entire jobsite, the bill also gives the Commissioner the power to impose civil fines *without limit*. 17-221(k)(1) allows the Commissioner to “impose a civil fine of not less than \$1,000 against a contractor or subcontractor that knowingly fails to produce records or attend a hearing or deposition..”, yet includes no maximum limit on this new fine.

Testimony to the House Economic Matters Committee on January 25 brought up several issues from New Jersey that are not pertinent to Maryland because our law already has enough authority to ensure Prevailing Wage law compliance. Misclassification in the Prevailing Wage context is when a worker performing one task such as carpentry is classified and paid the wages of a different trade like a common laborer. It is not the employee vs. independent contractor issue because any worker performing work on the jobsite is required to be paid the prevailing wage rate, whether they are an employee or independent contractor, and they all have to submit wages to the Prevailing Wage system. Compliance is already effectively monitored and enforced.

Further testimony was presented on the issue of construction safety which are serious issues, but not solved by prevailing wage enforcement. Work that is not done to specifications is enforced by building inspectors who are experts in the building codes and have had years of experience and training. Prevailing wage investigators do not, have not, and can not monitor whether or not a contractor's work meets building code specifications. Prevailing wage investigators ensure a contractor is paid the correct wage. Safety is an issue, but that responsibility is already protected by code enforcement, not wage enforcement.

In conclusion, the Commissioner of Labor and Industry, who is tasked with enforcing the prevailing wage laws, does not believe the enhanced powers granted under this proposal are necessary to ensure compliance with prevailing wage and hour laws in the state.

SB0001 - TSO - Stop Work Orders - LOI_FINAL.pdf

Uploaded by: Patricia Westervelt

Position: INFO

February 10, 2022

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

Re: Letter of Information – Senate Bill 1 – State Finance and Procurement – Prevailing Wage – Stop Work Orders

Dear Chair Kelley and Committee Members:

The Maryland Department of Transportation (MDOT) takes no position on Senate Bill 1 but offers the following information for the Committee's consideration.

Senate Bill 1 provides the Commissioner of Labor and Industry the ability to issue stop work orders where there has been an initial determination that a contractor or subcontractor may have violated the prevailing wage requirements. The bill also provides the Maryland State Board of Contract Appeals with jurisdiction over appeals from a stop work order issued by the Commissioner of Labor and Industry.

Senate Bill 1 may result in substantial unintended consequences for MDOT's transportation business units and could impact construction projects. If a project is immediately stopped due to an alleged violation, this could result in significant safety issues for citizens, such that projects are left incomplete and materials are abandoned. Additionally, this could extend project timelines, resulting in additional costs that were not previously allocated.

The MDOT State Highway Administration (MDOT SHA) maintains the State's numbered, non-tolled highways outside of Baltimore City. A stop work order issued by another entity other than the MDOT SHA could result in unforeseen safety concerns and general project delays. As the MDOT SHA utilizes contractor resources for projects such as highway repaving, line striping, bridge work, lighting maintenance, and more, an MDOT SHA contractor being issued a stop work order could result in critical or specialized work being halted without sufficient preparation, rendering the work site and surrounding areas unsafe to all road users. This could also exponentially delay crucial transportation projects.

The Maryland Transportation Authority (MDTA) is responsible for constructing, managing, operating, and improving the State's eight toll facilities, as well as for financing new transportation projects under its purview. The provision to "immediately" stop work is problematic as work may be necessary to ensure a safe, orderly, and secure work site – for instance, ongoing road construction where there are areas requiring repair. Additionally, the language for the determination of a violation enables work stoppages even if there is uncertainty about a violation having occurred. This could entail significant cost increases and project timeline delays.

The MDOT Maryland Transit Administration (MTA) provides passenger service across its six modes (LocalLink Bus, Commuter Bus, Metro Subway, Light Rail, MARC, and Mobility Paratransit) to the citizens of Maryland. The MDOT MTA has a robust capital program that includes numerous construction projects, some of which require planned service interruption, such as a track replacement project.

The Honorable Delores G. Kelley
Page Two

Any stop work order on such projects could result in prolonged unplanned service disruptions, requiring the MDOT MTA to utilize revenue buses from other routes, disrupting service and revenue further. Many of the MDOT MTA's projects also receive matching federal funds – these projects often have tight deadlines that must be met in order to receive federal funding. If a project were to be delayed by a stop work order, it risks losing any matching federal funds.

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 doing so, the Port generates 15,330 direct family-supporting jobs for Marylanders, where the average wage of those jobs exceed the statewide average annual wage by 9.5%. The Port of Baltimore is expecting significant growth in the coming years, as the MDOT MPA continues to invest in infrastructure improvements to ensure the Port remains a key international gateway for the movement of goods. These projects include an additional 50-foot berth at Seagirt Marine Terminal, allowing the workhorse container terminal to accommodate two supersized vessels simultaneously, and the Howard Street Tunnel Project which involves removing a freight bottleneck that will significantly boost the Port's container traffic and open up the entire East Coast to double-stack service. It is imperative that these critical supply chain infrastructure projects move forward in a timely and cost-effective manner, without the risk of delays and potential loss of federal funding associated with the unintended consequences of Senate Bill 1.

The Maryland Department of Transportation respectfully requests the Committee consider this information as it deliberates Senate Bill 1.

Respectfully submitted,

Pilar Helm
Director of Government Affairs
Maryland Department of Transportation
410-865-1090