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February 7, 2024

Senator Guy Guzzone, Chair
Senate Budget and Taxation Committee
3 West, Miller Senate Office Building
Annapolis, MD 21401

RE: SB 556 – FAVORABLE – Procurement – Construction Contingency Fund and Contract Modification

Dear Chair Guzzone and Members of the Committee:

The Maryland Asphalt Association (MAA) is comprised of 19 producer members representing more than 48 production facilities, 25 contractor members, 25 consulting engineer firms and 41 other associate members. MAA works proactively 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.

Senate Bill 556 requires state procurement contracts for construction to include a clause providing for contract modification when there is a substantial increase or decrease in the price of materials required to complete the contract due to one of several enumerated clauses, up to 10 percent.

The COVID-19 pandemic exposed several shortcomings of our state procurement laws, including the inability of construction contracts to account for changes in circumstances, not due to the fault of any of the parties. MAA supports this legislation because it would allow construction contractors to receive additional compensation in such situations. SB 556 is crucial for enhancing flexibility in managing construction projects, which will ultimately ensure their timely and cost-effective completion.

We appreciate you taking the time to consider our request for a **FAVORABLE** report on Senate Bill 556.

Sincerely,

Tim E. Smith. P.E.
President
Maryland Asphalt Association