



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 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. We proactively work with regulatory agencies and governing bodies to represent the interests of the transportation industry and 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. MTBMA 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.

Thank you,

Michael Sakata
President and CEO
Maryland Transportation Builders and Materials Association

