

JOHNNY RAY SALLING
Legislative District 6
Baltimore County

Budget and Taxation Committee
Public Safety, Transportation,
and Environment Subcommittee



James Senate Office Building
11 Bladen Street, Room 321
Annapolis, Maryland 21401
410-841-3587 · 301-858-3587
800-492-7122 Ext. 3587
JohnnyRay.Salling@senate.state.md.us

THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Budget and Taxation Committee
Senator Guy Guzzone
Senator Jim Rosapepe
3 West
Miller Senate Office Building
Annapolis, Maryland 21401

To the Chair, Vice Chair, and esteemed Committee Members of the Budget and Taxation Committee:

I am Senator Johnny Ray Salling, and I am here to present a crucial bill aimed at addressing the challenges faced by contractors in our state due to the unprecedented rise in construction material prices, notably influenced by recent inflationary trends.

Over the past few years, various aspects of our lives have been significantly impacted, and one sector that has borne the brunt of these changes is the construction industry, particularly concerning the escalating costs of materials. Contractors who have entered agreements with the state find themselves in dire financial situations as material prices have skyrocketed overnight. In some instances, contractors are undertaking projects with no profit margins, forced to cover the increased costs of materials.

While we have observed a partial decline in prices, persistent supply chain issues pose uncertainties, leaving contractors vulnerable to potential future surges in material costs. This proposed bill seeks to provide a solution by allowing construction contracts with the state to include a clause addressing dramatic price increases beyond a contractor's control.

The bill enables contractors to request adjustments to contracts in response to substantial increases in material costs, with the definition of "substantial" left to the discretion of the relevant department, ensuring flexibility. Importantly, this legislation aligns with similar allowances at the federal level.

Notably, the Department of General Services conducted a study last year supporting this bill. In their endorsement, they recommended an addition to the bill's language. Specifically, with the Governor's approval, the Secretaries of Budget and Management and General Services may request the Board of Public Works to authorize expenditures from the Fund to supplement capital appropriations or conduct evaluations on projects affected by material price fluctuations.

In conclusion, I believe this bill is instrumental in helping our contractors recover from financial setbacks and preventing future challenges stemming from unforeseen increases in material prices. The inclusion of recommendations from the Department of General Services further solidifies the bill's merit. I appreciate your time and the opportunity to testify on this bill today, and I respectfully request a favorable report on its behalf.

Sincerely,

A handwritten signature in red ink that reads "Johnny Ray Salling".

Senator Johnny Ray Salling