



*The Voice of Merit Construction*

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To: Senate Education, Energy, and Environment Committee

From: Associated Builders & Contractors

RE: SB 570 - Public Utilities – Thermal Energy Network Systems – Authorization and Establishment (Working for Accessible Renewable Maryland Thermal Heat (WARMTH) Act)

Position: Unfavorable

Associated Builders and Contractors (ABC) represent more than 1500 construction and construction-related companies through its four Maryland chapters. Our members believe in the tenets of free enterprise, investing in their workforce and giving back to the communities in which they live, work and play.

Senate Bill 570 would require each gas company to develop a plan for a pilot thermal energy network system or systems on or before October 1, 2024; requiring each gas company to submit a certain proposal or proposals to the Public Service Commission for approval on or before July 1, 2025; authorizing a municipal corporation, county, or community organization to submit neighborhoods to gas companies for consideration as part of a pilot system.

ABC opposes SB 570, our primary concern with the legislation is around the provisions that would require community benefit agreements (CBA). CBA's impose substantial financial burdens on contractors, particularly smaller and minority-owned businesses, by mandating higher wages and strict compliance measures. These additional costs make projects less economically viable and, in many cases, prohibitively expensive, ultimately deterring investment in communities. While we understand the intentions behind community benefit agreements to promote community development and inclusion, we believe that the current framework outlined in the proposed legislation poses significant challenges and drawbacks for contractors, subcontractors, and ultimately, the communities they serve.

ABC appreciates your consideration and, for these reasons, respectfully requests a **unfavorable** report on Senate Bill 570.

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