

# **SB583 Support.pdf**

Uploaded by: Balfour Albacarys

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

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## Written Testimony of

Rico Albacarys, Assistant Business Agent, IBEW LOCAL 24

Before the Senate Finance Committee On

SB 583 Public Utilities – Investor-Owned Utilities – Prevailing Wage

## Support

February 15, 2024

Madame Chair Beidle and Committee Members,

My name is Rico Albacarys and I am a member and employee of IBEW Local 24, in Baltimore. I am writing to express my strong **support** for **Senate Bill 583**, which requires family-sustaining wages and apprenticeship standards for investor-owned utility construction of electrical transmission lines.

As someone who cares deeply about the well-being of workers and the future of our communities, I believe that this bill is crucial in ensuring that good, family-sustaining jobs are created and maintained in the electrical transmission sector. It is important that we incentivize businesses to create quality jobs that pay fair wages and provide opportunities for workers to advance and improve their skills. In addition, this bill will help to ensure that our communities benefit from well-trained and skilled workers in this important field. I believe that this will lead to improved safety, increased efficiency, and a more reliable electrical grid for all.

I respectfully request that you vote **favorably** on **Senate Bill 583** and help create a better future for our state.

Sincerely,

Rico Albacarys

Assistant Business Agent IBEW Local 24

**SB0583\_Public\_Utilites\_Prevailing\_Wage\_MLC\_FAV.pdf**

Uploaded by: Cecilia Plante

Position: FAV



**TESTIMONY FOR SB0583**  
**Public Utilities – Investor-Owned Utilities – Prevailing Wage**

**Bill Sponsor:** Senator Gile

**Committee:** Finance

**Organization Submitting:** Maryland Legislative Coalition

**Person Submitting:** Cecilia Plante, co-chair

**Position:** FAVORABLE

I am submitting this testimony in strong support of SB0583 on behalf of the Maryland Legislative Coalition. The Maryland Legislative Coalition is an association of activists - individuals and grassroots groups in every district in the state. We are unpaid citizen lobbyists and our Coalition supports well over 30,000 members.

The legislature has fought hard in recent years to raise the minimum wage in Maryland, and to try to ensure that working Marylanders make a living wage. We commend them for looking out for hard-working Marylanders. This bill, if enacted, would ensure that employees, contractors, and sub-contractors working for investor-owned utilities (gas companies, electric companies, and gas and electric companies) will receive the prevailing wage.

It is unconscionable that employers of any kind in Maryland deny their workers a living wage in order to line their pockets and those of their investors.

We strongly support this bill and recommend a **FAVORABLE** report in committee.

# **SB 583 - Public Utilities - Investor-Owned Utiliti**

Uploaded by: Donna Edwards

Position: FAV



# MARYLAND STATE & D.C. AFL-CIO

AFFILIATED WITH NATIONAL AFL-CIO

7 School Street • Annapolis, Maryland 21401-2096

Balto. (410) 269-1940 • Fax (410) 280-2956

*President*

**Donna S. Edwards**

*Secretary-Treasurer*

**Gerald W. Jackson**

**SB 583 - Public Utilities - Investor-Owned Utilities - Prevailing Wage  
Senate Finance Committee  
February 16, 2024**

**SUPPORT**

**Donna S. Edwards  
President**

**Maryland State and DC AFL-CIO**

Chairman and members of the Committee, thank you for the opportunity to submit testimony in support of SB 583. 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 300,000 union members, I offer the following comments.

SB 583 removes the word “underground” from the section of the 2022 Climate Solutions Now Act that required gas, electric, and investor-owned electric companies to pay prevailing wage on their infrastructure projects. The 2022 law established an arbitrary distinction between above ground and below ground utilities. The federal Infrastructure Investment and Jobs Act (IIJA), competitive grants for Grid Resilience and Innovation Partnerships (GRIP) require Davis Bacon provisions to apply to all work funded with federal money. Federal GRIP grants explicitly judge applicants based on “community and labor engagement” and “investing in the American workforce.”<sup>1</sup> Since these are competitive grants, Maryland should give its utilities an advantage being used by other states by requiring all of them to use common sense labor protections like prevailing wage requirements.

As we move from a traditional energy economy to a clean energy economy it is vital that we are creating a policy and regulatory framework that ensures we are building family-sustaining careers. We know that meeting Maryland's climate goals requires expanding state electricity production multiple times its current levels and expanding the grid's capacity by similar amounts. This means a massive amount of work in energy generation, transmission, and infrastructure over the coming decade. Renewable energy generation, transmission, and storage are the growth industries of the future. For these projects it is paramount that we create high road jobs for Maryland's economy to grow the middle class. Applying labor standards holds these new energy jobs to a high standard now, ensuring that we are setting up the next generation of workers to be as successful as the ones that precede them.

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<sup>1</sup> “Frequently Asked Questions on the Grid Resilience and Innovation Partnerships (GRIP) Program.” U.S. Department of Energy. October 18, 2023.

The Maryland State & DC AFL-CIO is fully dedicated to ensuring that climate jobs are good middle class jobs. At our 2022 Convention, delegates unanimously passed a resolution in support of these efforts, attached to this testimony. We urge the committee to issue a favorable report for SB 583.

## **Resolution on Climate Change and Jobs**

**WHEREAS**, numerous studies suggest that there is major job creation potential from tackling the climate crisis, reducing greenhouse gas emissions, and transitioning to a low-carbon, sustainable economy; and

**WHEREAS**, the overall lack of high-road jobs in the green economy and the prevalence of non-union jobs in the limited existing green sectors, such as solar and residential retrofitting, have dampened enthusiasm for the long-promised “clean, green economy” among workers and labor organizations that are anxious to address the climate crisis and build a pro-worker, equitable green economy; and

**WHEREAS**, the growing clean energy sector, driven by the dictates of its investors, in many cases does not provide the high-quality union jobs that exist in traditional energy and manufacturing industries, and it is highly reliant on imported goods

**WHEREAS**, the fossil fuel industries have high rates of unionization. The high-quality jobs held by union members across our economy in sectors producing or using fossil energy are at risk, as well. Fossil-fuel production and use has not only provided the energy that made our modern economy, but also supports union jobs in a broad range of sectors— energy production, manufacturing, transportation and more; and

**WHEREAS**, strong job and training quality standards are needed in the clean and renewable energy sector, among them being prevailing wage, state-approved apprenticeship job training requirements, project labor agreements, and labor peace agreements; and

**WHEREAS**, a functioning jobs pipeline could ensure that local workers from our communities have a path to career employment by offering access to training programs such as direct-entry pre-apprenticeship programs and other skill-building opportunities; and

**WHEREAS**, these job and training quality standards should be central to all “climate jobs” proposals; and

**WHEREAS**, climate efforts should include funding and guaranteed protection for workers and communities who are displaced or negatively affected by the transition to a low-carbon economy; and

**WHEREAS**, the AFL-CIO has developed strong policy proposals for protecting workers who are impacted by climate protection policies. These proposals provide a just transition, including 70% wage replacement and 80% health benefit replacement for up to three years, as well as “bridge to retirement” funding for workers who are near retirement.

**THEREFORE, BE IT RESOLVED**, the Maryland State and District of Columbia AFL-CIO supports measures that ensure that energy infrastructure development creates good jobs and builds our industrial base by requiring project labor agreements, prevailing wage, apprenticeship job training requirements, Buy Union and Buy America provisions, labor peace, card check neutrality, robust training requirements for all projects, and includes all the labor requirements passed in the Clean Energy Jobs law.

**THEREFORE, BE IT FURTHER RESOLVED**, the Maryland State and District of Columbia AFL-CIO in facing the challenge of impacting energy policies embraces a balanced and just approach for workers, communities, manufacturers, businesses and consumers and will continue to work with community, business and environmental allies committed to recognizing the need for worker protections, rights, and sustainable wages and benefits, to maintain a wide range of energy sources, traditional and newer, to secure Maryland’s and the District of Columbia’s competitiveness.

**THEREFORE, BE IT FURTHER RESOLVED**, that the Maryland State and District of Columbia AFL-CIO will, in every forum, demand that clean energy technologies be mined, produced, constructed, and operated under union contracts. The growth of the clean energy economy cannot provide cover for employers that want to operate nonunion and must provide the high-quality jobs that Americans want and deserve.

**THEREFORE, BE IT FINALLY RESOLVED**, that the Maryland State and District of Columbia AFL-CIO will advocate for legislation, administrative rules, and the development of an initiative to enable a transition that is just for workers and communities directly affected by the transition to a clean energy economy by providing income, benefit, and retraining for comparable wage jobs, as well as a bridge to retirement, as part of the just transition and concurrently support the creation of these policies in an equitable fashion.



**sb583- prevailing wage, utilities- FIN 2-16-'24.pd**

Uploaded by: Lee Hudson

Position: FAV



**Delaware-Maryland Synod**  
**Evangelical Lutheran Church in America**  
God's work. Our hands.

Testimony Prepared for the  
**Finance Committee**  
on  
**Senate Bill 583**  
February 16, 2024  
Position: **Favorable**

Madam Chair and members of the Committee, thank you for the opportunity to support the dignity of human effort by acknowledging the human right to adequate wages for work. I am Lee Hudson, assistant to the bishop for public policy in the Delaware-Maryland Synod, Evangelical Lutheran Church in America. We are a faith community with three judicatories in every part of our State.

Our community has advocated for a sufficient livelihood since 1999 (“Sufficient, Sustainable Livelihood”, ELCA). A 2017 message among us concerning human rights as principle and instrument, affirmed a 1999 ELCA statement about justice in the *oikos*, the economy. We support both a principle and policies that contemplate “sufficient” in the real economy.

For those reasons we support **Senate Bill 583**, to keep Maryland’s current prevailing wage standards in force among the State’s utility operations. We ask your favorable report.

Lee Hudson

**SB583\_MDSierraClub\_fav 16Feb2024.pdf**

Uploaded by: Mark Posner

Position: FAV



P.O. Box 278  
Riverdale, MD 20738

**Committee: Finance**

**Testimony on: SB583 “Investor-Owned Utilities – Prevailing Wage”**

**Position: Support**

**Hearing Date: February 16, 2024**

The Maryland Chapter of the Sierra Club urges a favorable report on SB583. This legislation would expand the existing assurance in state law that individuals who work on our important underground electric and gas infrastructure are compensated fairly so as to now also provide this assurance to those who work on above-ground electric and gas infrastructure. Specifically, current law requires investor-owned utilities to mandate their contractors and sub-contractors to pay workers on underground infrastructure not less than the applicable prevailing wage. This legislation would apply the prevailing-wage provision to above-ground work as well.

The current law was enacted in 2021. After passing the House and Senate, the bill was vetoed by Governor Hogan, and the General Assembly then overrode the veto.

The Sierra Club, nationally and in Maryland, is committed to the principles of equity, justice, and inclusion, and supports placing these principles at the center of environmental initiatives. These principles include respecting and supporting the rights of workers, their ability to have good jobs, earn a decent living, and enjoy occupational health and safety protections.

This bill is a straightforward way for Maryland to continue to support its energy workforce. We urge a favorable report.

Mark Posner  
Clean Energy Team  
Mposner5719@gmail.com

Josh Tulkin  
Chapter Director  
Josh.Tulkin@MDSierra.org

# **IBEW 70 Testimony on SB 583.pdf**

Uploaded by: Michael Powers

Position: FAV



**MICHAEL POWERS  
IBEW LOCAL 70  
TESTIMONY-FAVORABLE  
SB 583**

**FEBRUARY 15, 2024**

Dear Chair Wilson, Vice Chair Crosby, and Members of the Economic Matters Committee,

I am Michael Powers, Safety Coordinator of IBEW Local Union 70 in Forestville, MD, I stand as the voice of 1900 essential personnel, Local Union 70 members who tirelessly build, service, and maintain our critical power grid.

This bill, which mandates prevailing wages for investor-owned utility construction of electrical transmission lines and facilities, is paramount for the welfare of our dedicated workers, their families, and the communities we serve. Prevailing wages ensure fair compensation, fostering economic stability and elevating the standard of living for those powering our nation.

I firmly believe that SB 583 will foster the creation and maintenance of jobs in this sector, ensuring fair compensation for the skilled labor involved. Prevailing wages not only support workers and their families but also contribute to the overall growth and prosperity of our communities.

By endorsing this bill, we pave the way for job opportunities that promote skill development, efficiency, and safety. I believe a favorable report on SB 583 is essential for the advancement of our workforce and the continued progress of our communities.

There are several compelling arguments in favor of prevailing wages, which are set standards for compensation for investor-owned utility construction of electrical transmission lines and facilities. Here are key points supporting the implementation of prevailing wages:

**1. Fair Compensation for Skilled Labor:**

- Prevailing wages ensure that workers receive fair and competitive compensation for their skills and expertise.
- By establishing a minimum wage rate, workers are less likely to be underpaid, promoting economic stability for laborers and their families.

**2. Quality and Safety Standards:**

- Reasonably compensated workers are more likely to be motivated and committed to their work, leading to higher productivity and better-quality outcomes.
- Higher wages can attract skilled and experienced workers, contributing to a safer work environment and reducing the likelihood of accidents.

**3. Local Economic Impact:**

- Prevailing wage laws help to stimulate the local economy by ensuring that construction workers have sufficient income to support local businesses.
- Increased wages can lead to higher consumer spending, benefiting the broader community.

#### **4. Reduced Income Inequality:**

- Prevailing wages contribute to reducing income inequality by establishing a baseline that prevents exploitation of workers.
- This ensures that the economic benefits of utility projects are distributed more equitably among workers.

#### **5. Skilled Workforce Development:**

- Prevailing wages attract individuals to skilled trades and construction professions, promoting the development of a highly skilled and motivated workforce.
- This, in turn, addresses labor shortages and fosters long-term economic growth by investing in the training and education of workers.

#### **6. Prevention of "Race to the Bottom":**

- Without prevailing wages, contractors may engage in a race to lower wages to secure contracts, potentially compromising the quality of work and worker well-being.
- Prevailing wages establish a level playing field, encouraging fair competition based on expertise and efficiency rather than on the exploitation of labor.

#### **7. Taxpayer Value:**

- Contrary to the misconception that prevailing wages increase project costs, studies show that the quality and efficiency brought about by skilled workers often result in cost savings over the life of a project.
- Taxpayers receive better value for their investment when projects are completed efficiently and to high standards.

**In summary**, prevailing wages are essential for promoting fair compensation, ensuring high-quality work, stimulating local economies, addressing income inequality, and fostering the development of a skilled workforce. These benefits make a strong case for the implementation and support of prevailing wage laws in the construction industry.

**I respectfully request a favorable report on SB 583.**

Sincerely,

Michael Powers  
Safety Coordinator  
IBEW Local Union 70  
Forestville, MD

**DG Written Testimony\_SB0583.pdf**

Uploaded by: Senator Gile

Position: FAV



DAWN D. GILE  
Legislative District 33  
Anne Arundel County

Finance Committee

Chair

Anne Arundel County  
Senate Delegation



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THE SENATE OF MARYLAND  
ANNAPOLIS, MARYLAND 21401

**Testimony in Support of SB0583 - Public Utilities - Investor-Owned Utilities - Prevailing Wage**

Madame Chair, Madame Vice Chair, and Fellow Members of the Senate Finance Committee:

The Distribution System is the part of the energy grid that Maryland, through the Public Service Commission (PSC), regulates. How the distribution grid is planned and maintained will not only determine how reliable and resilient our energy system is but also whether we can reach our clean energy and greenhouse gas reduction goals. With the passage of the Climate Solutions Now Act in 2022, we have plans for historic investments in our distribution grid to meet our climate goals.

Electric lineworkers will be implementing these crucial improvements to the grid, and this bill will ensure that as we make the necessary investment in our grid, we are also building a strong middle class.

Currently, Maryland law requires that all work done on underground utilities (gas and electric) is done with contractors paying prevailing wages. This bill simply would establish parity so that work done on all utilities above ground and underground will be done by contractors paying prevailing wages.

Per the Fiscal Note, SB0583 would not result in greater state financial obligations.

For these reasons, I respectfully request a favorable report on SB0583.

# **SB 583 Prevailing Wage Underground 2024.pdf**

Uploaded by: Tom Clark

Position: FAV



# International Brotherhood of Electrical Workers

JOSEPH F. DABBS: Business Manager • THOMAS C. MYERS: President • RICHARD D. WILKINSON: Vice President  
CHRISTOPHER M. CASH: Financial Secretary • RICHARD G. MURPHY: Recording Secretary • PAULO C. HENRIQUES: Treasurer



## TESTIMONY IN SUPPORT OF SB 583 PUBLIC UTILITIES-INVESTOR-OWNED UTILITIES-PREVAILING WAGE

February 16, 2024

**TO: Chair Beidle, Vice Chair Klausmeier and members of the Finance Committee**

**FROM: Tom Clark, Political Director, International Brotherhood of Electrical Workers Local 26**

Madam Chair, Madam Vice Chair, members of the Senate Finance Committee, I respectfully ask that you vote in **support of SB 583**. This legislation pays utility workers, linemen, and linewomen the prevailing wages for their work on underground gas or electric infrastructure projects.

The heart of this bill is the phrase “Prevailing Wage”, which I would like to define clearly for all legislators in Annapolis. Prevailing Wage is nothing more than the market rate. The market rate is defined as the amount of money that an employee should be paid for their position, based on the current market conditions, their education, training, and cost of living in that given area. Most working people in Maryland are paid the market rate, for example: Engineers, Office Personnel, Accountants and even members of the General Assembly are paid based on the current market conditions, their education, training, and cost of living in that given area (the market rate). It is correct that these workers may argue that the compensation falls short, and I would agree, but it is the market rate. The problem arises when for some reason utility workers, linemen and construction workers are treated differently. Quite often, it is presumed that these “blue collar workers” deserve less than the market rate. As a representative of the people, I hope you see the disparity in this logic. I hope you can see that all Marylanders deserve the market rate, that all Marylanders deserve to be paid based on the current market conditions, their education, training, and cost of living in that given area.

Moving forward, I hope you can support utility workers, as you would Teachers. Linemen as you would Accountants and Construction workers as you would Delegates and Senators. Paying any citizen of our great state less than the Market Rate or Prevailing Rate is not good for Maryland and its working families. So, I encourage you to **support lines people and construction workers** and when you are asked to vote, **support SB 583** Thank you.



# **SB583 - FWA Supplement - Gov Moore letter on HB513**

Uploaded by: Caitlin McDonough

Position: FWA



February 12, 2024

The Honorable Wes Moore  
Governor, State of Maryland  
100 State Circle  
Annapolis, MD 21401

Dear Governor Moore:

During the 2023 legislative session, the General Assembly amended § 5-305 of the Public Utilities Article by enacting Chapter 336, Laws of 2023 (HB 513). As a group of Maryland-certified Minority Business Enterprises (“MBEs”) and other small businesses, we are writing to request your assistance to ensure that the implementation of this law is handled in a thoughtful manner that does not negatively impact your goal of supporting and growing small and minority owned businesses in Maryland or cause other unintended results.

HB 513 requires the Commissioner of Labor and Industry to provide prevailing wage rates to contractors and subcontractors working on certain investor-owned utility projects subject to the law. However, the law and the guidance issued by the Maryland Department of Labor (DOL) to date requires leadership from your office to implement properly. Specifically, we are requesting your consideration in two specific areas prior to March 1<sup>st</sup>, 2024, when HB 513 requires underground utility contractors to be fully compliant with the law or potentially face significant penalties.

1. DOL should not rush implementation but take the time necessary to accurately determine the industry specific skilled labor positions and prevailing wage rates for the utility industry to avoid costly mistakes that will financially damage small and minority utility contractors as well as hurt Maryland rate payers.

- a. The law directs MDL to enforce the requirement to pay at least the prevailing wage rate determined by the Commissioner of Labor and Industry. The bill requires that hand surveys be accomplished if the DOL “determines that no existing wage rates and classifications apply to the covered work.” By the statute, DOL must determine the initial prevailing wages on or before December 1, 2023. DOL’s recently issued undated guidance that does not explain whether DOL did an industry-specific analysis to determine if hand surveys were required or whether they met the December 1, 2023, deadline to publish their guidance.
- b. DOL’s guidance requires contractors “to select the highway informational wage rates for the county in which the work is performed”. At this time, we are not aware of any analysis DOL performed that would satisfy the requirements of HB 513 or would support the view that the prevailing wages among the different types of underground gas and electric infrastructure workers are the same as those prevailing wages in highway work. There is no basis in law or fact to assume that pay rates are equivalent across all industries.

- c. Based on extensive industry experience, DOL's guidance does not accurately or comprehensively reflect the prevailing wage for underground gas and electric contractor personnel. This disconnect could cost MBEs who do underground gas and electric infrastructure work millions of dollars, rendering them less competitive and ultimately driving them out of business.
  - d. The disconnect, as noted, may have been caused by insufficient data collection or by attempting to group all underground gas and electric workers together under the highway rates. There are a multitude of skilled labor positions with special occupational qualifications that are required to perform the work in underground gas and electric construction that are not included in highway rates. Due to this omission of skilled labor positions and their wage rates, it is currently impossible to accurately bid on projects.
  - e. At this time, we are not aware of any outreach to small and minority businesses to engage them in this process, solicit their input or to educate them on these new requirements. We would welcome the opportunity to be part of the process and support DOL with the implementation of this bill.
  - f. DOL's apparent position may also result in higher prices for rate payers, many of whom are already struggling with the effects of inflation.
2. Just as importantly, DOL's policy and guidance should state that rates do not "ratchet up" every year but instead follow long-standing State of Maryland procurement processes under which rates are established at the beginning of any agreement, so that parties can accurately price their work and estimate their future costs to complete the requirements of their contract.
- a. When a contractor submits a bid for a state procurement or has been awarded a state contract, the prevailing wage at the time of bid leading to an awarded contract is the guiding rate throughout the term of the contract. Thus, any existing contracts are not typically subject to prevailing wage updates.
  - b. This same principle clearly would apply under HB 513, but the DOL guidance does not mention it. Unless the DOL guidance is expanded to mention this established principle, MBEs will have less incentive to participate in the relevant types of work.
  - c. Without guidance from DOL that specifically recognizes this underlying principle, MBEs and other contractors may also bid much higher rates as a result (and thus will be far less competitive).
  - d. Most importantly, DOL's guidance has created a situation where MBEs and other companies are concerned that DOL feels rates should go up under existing bids / contracts, putting MBEs at risk of financial ruin without an DOL-endorsed mechanism to pass on increased costs due to higher wages now possibly required. DOL guidance needs to clearly state it will follow existing long standing state procurement processes and hence any existing contracts awarded prior to the March 1<sup>st</sup>, 2024, or possible extended deadline requested below, are not affected by this guidance.


Additionally, with the Maryland General Assembly currently engaged in the 2024 Legislative Session, legislation has been introduced to apply similar prevailing wage requirements for utility work performed underground. Senate Bill 583/House Bill 554, entitled Public Utilities – Investor-Owned Utilities – Prevailing Wage would expand the existing requirements established in HB 513 in 2023 to contractors

working on above ground infrastructure projects. Should this legislation pass, it would alter the same area of law impacted by SB 513 in 2023 and may result in changes to the underlying statute that DOL is currently implementing. A delay in the forthcoming guidance would give DOL and the impacted utilities and contractors the time and ability to implement standards and requirements consistently for both above and below ground utility work.

Unfortunately, this matter is time critical, due to March 1, 2024, compliance date mentioned in HB 513. We request that the DOL (1) delay implementation of its existing guidance on prevailing wage rates until they have engaged utility contractors, especially small and minority contractors, in this process, (2) accomplish the necessary analysis to ensure the prevailing wage rates are correctly set, and (3) be required to include all the industry specific skilled labor positions and wage rates so that companies can accurately price their work. Lastly, we ask that DOL immediately clarify their guidance to reflect that contracts follow long-standing state procurement processes detailed in section two (2) above.

Governor Moore, thank you for your steadfast support of small and minority companies. This is a significant issue for our small and minority business community, and we appreciate your help in quickly resolving these matters. As you will observe, the attached signatures are indicative of your constituents affected by HB 513. We appreciate your time and consideration of this matter.

Sincerely,



Harley E. Flack  
President / CEO



Christian Johansson  
Chairman



As a constituent affected by HB 513, please find our signature below in support of the letter to Governor Moore concerning the bill authored by Stella May Contracting, Inc., dated February 12, 2024.

Company Name: Mahogany, Inc.

Signature: 

Name: Jeffrey Hargrave

Title: CEO

Date: 02/14/2024



**Gov Moore letter on HB513 02122024-Final.pdf**

Uploaded by: Valerie Skvirsky

Position: FWA



February 12, 2024

The Honorable Wes Moore  
Governor, State of Maryland  
100 State Circle  
Annapolis, MD 21401

Dear Governor Moore:

During the 2023 legislative session, the General Assembly amended § 5-305 of the Public Utilities Article by enacting Chapter 336, Laws of 2023 (HB 513). As a group of Maryland-certified Minority Business Enterprises (“MBEs”) and other small businesses, we are writing to request your assistance to ensure that the implementation of this law is handled in a thoughtful manner that does not negatively impact your goal of supporting and growing small and minority owned businesses in Maryland or cause other unintended results.

HB 513 requires the Commissioner of Labor and Industry to provide prevailing wage rates to contractors and subcontractors working on certain investor-owned utility projects subject to the law. However, the law and the guidance issued by the Maryland Department of Labor (DOL) to date requires leadership from your office to implement properly. Specifically, we are requesting your consideration in two specific areas prior to March 1<sup>st</sup>, 2024, when HB 513 requires underground utility contractors to be fully compliant with the law or potentially face significant penalties.

1. DOL should not rush implementation but take the time necessary to accurately determine the industry specific skilled labor positions and prevailing wage rates for the utility industry to avoid costly mistakes that will financially damage small and minority utility contractors as well as hurt Maryland rate payers.

- a. The law directs MDL to enforce the requirement to pay at least the prevailing wage rate determined by the Commissioner of Labor and Industry. The bill requires that hand surveys be accomplished if the DOL “determines that no existing wage rates and classifications apply to the covered work.” By the statute, DOL must determine the initial prevailing wages on or before December 1, 2023. DOL’s recently issued undated guidance that does not explain whether DOL did an industry-specific analysis to determine if hand surveys were required or whether they met the December 1, 2023, deadline to publish their guidance.
- b. DOL’s guidance requires contractors “to select the highway informational wage rates for the county in which the work is performed”. At this time, we are not aware of any analysis DOL performed that would satisfy the requirements of HB 513 or would support the view that the prevailing wages among the different types of underground gas and electric infrastructure workers are the same as those prevailing wages in highway work. There is no basis in law or fact to assume that pay rates are equivalent across all industries.

- c. Based on extensive industry experience, DOL's guidance does not accurately or comprehensively reflect the prevailing wage for underground gas and electric contractor personnel. This disconnect could cost MBEs who do underground gas and electric infrastructure work millions of dollars, rendering them less competitive and ultimately driving them out of business.
  - d. The disconnect, as noted, may have been caused by insufficient data collection or by attempting to group all underground gas and electric workers together under the highway rates. There are a multitude of skilled labor positions with special occupational qualifications that are required to perform the work in underground gas and electric construction that are not included in highway rates. Due to this omission of skilled labor positions and their wage rates, it is currently impossible to accurately bid on projects.
  - e. At this time, we are not aware of any outreach to small and minority businesses to engage them in this process, solicit their input or to educate them on these new requirements. We would welcome the opportunity to be part of the process and support DOL with the implementation of this bill.
  - f. DOL's apparent position may also result in higher prices for rate payers, many of whom are already struggling with the effects of inflation.
2. Just as importantly, DOL's policy and guidance should state that rates do not "ratchet up" every year but instead follow long-standing State of Maryland procurement processes under which rates are established at the beginning of any agreement, so that parties can accurately price their work and estimate their future costs to complete the requirements of their contract.
- a. When a contractor submits a bid for a state procurement or has been awarded a state contract, the prevailing wage at the time of bid leading to an awarded contract is the guiding rate throughout the term of the contract. Thus, any existing contracts are not typically subject to prevailing wage updates.
  - b. This same principle clearly would apply under HB 513, but the DOL guidance does not mention it. Unless the DOL guidance is expanded to mention this established principle, MBEs will have less incentive to participate in the relevant types of work.
  - c. Without guidance from DOL that specifically recognizes this underlying principle, MBEs and other contractors may also bid much higher rates as a result (and thus will be far less competitive).
  - d. Most importantly, DOL's guidance has created a situation where MBEs and other companies are concerned that DOL feels rates should go up under existing bids / contracts, putting MBEs at risk of financial ruin without an DOL-endorsed mechanism to pass on increased costs due to higher wages now possibly required. DOL guidance needs to clearly state it will follow existing long standing state procurement processes and hence any existing contracts awarded prior to the March 1<sup>st</sup>, 2024, or possible extended deadline requested below, are not affected by this guidance.


Additionally, with the Maryland General Assembly currently engaged in the 2024 Legislative Session, legislation has been introduced to apply similar prevailing wage requirements for utility work performed underground. Senate Bill 583/House Bill 554, entitled Public Utilities – Investor-Owned Utilities – Prevailing Wage would expand the existing requirements established in HB 513 in 2023 to contractors

working on above ground infrastructure projects. Should this legislation pass, it would alter the same area of law impacted by SB 513 in 2023 and may result in changes to the underlying statute that DOL is currently implementing. A delay in the forthcoming guidance would give DOL and the impacted utilities and contractors the time and ability to implement standards and requirements consistently for both above and below ground utility work.

Unfortunately, this matter is time critical, due to March 1, 2024, compliance date mentioned in HB 513. We request that the DOL (1) delay implementation of its existing guidance on prevailing wage rates until they have engaged utility contractors, especially small and minority contractors, in this process, (2) accomplish the necessary analysis to ensure the prevailing wage rates are correctly set, and (3) be required to include all the industry specific skilled labor positions and wage rates so that companies can accurately price their work. Lastly, we ask that DOL immediately clarify their guidance to reflect that contracts follow long-standing state procurement processes detailed in section two (2) above.

Governor Moore, thank you for your steadfast support of small and minority companies. This is a significant issue for our small and minority business community, and we appreciate your help in quickly resolving these matters. As you will observe, the attached signatures are indicative of your constituents affected by HB 513. We appreciate your time and consideration of this matter.

Sincerely,



Harley E. Flack  
President / CEO



Christian Johansson  
Chairman



As a constituent affected by HB 513, please find our signature below in support of the letter to Governor Moore concerning the bill authored by Stella May Contracting, Inc., dated February 12, 2024.

Company Name: Mahogany, Inc.

Signature: 

Name: Jeffrey Hargrave

Title: CEO

Date: 02/14/2024

# **Stella May - SB 583 Testimony.pdf**

Uploaded by: Valerie Skvirsky

Position: FWA



February 15, 2024

The Honorable Pamela Beidle, Chair  
Senate Finance Committee  
Miller Senate Office Building, 3 East  
11 Bladen Street  
Annapolis, MD 21401

Re: Senate Bill 583 – Letter of Support w/ Amendments

Good Afternoon, Chair Beidle, Vice Chair Klausmeier, and Members of the Committee:

My name is Christian Johansson, and I am Chairman of Stella May Contracting, Inc. (Stella May). As an underground and overhead utility Minority Business Enterprise (MBE) contractor, Stella May supports the prevailing wage movement in our industry. We do, however, have concerns that we ask this committee address in drafting legislative language for this worthy goal. In addition to my oral testimony, we have submitted a letter to Governor Moore about the challenges MBEs like Stella May are facing with the implementation of HB 513 which requires a prevailing wage be paid for underground utility construction. Although we are trying to resolve these implementation issues directly with the Moore Administration, there is limited time available between now and the March 1<sup>st</sup>, 2024 deadline pending before full implementation of the law. Given the work already underway on SB 583, there is an opportunity to not only implement best practice in prevailing wages for above-ground utility construction, but also offer language to improve the implementation process for HB 513. Specifically, we ask that SB 583 legislation include language which considers the following:

1. Requires DOL to complete a comprehensive survey process for both and above ground utility construction to get accurate prevailing wages for our industry including all relevant skilled positions prior to the law taking effect. We also request that the industry, especially MBEs, be included in the survey process and allowed to provide feedback prior to rates being finalized. The survey process needs to be fully completed by DOL prior to the law going into effect. Without this is impossible to accurately bid work and to frankly comply with the law.
2. Most importantly, clarify the legislative language that existing contracts for underground and above ground utility construction prior to a certain date are grandfathered and not subject to HB 513 or SB 583. This date must be after the prevailing wage surveys are completed and the wages set. Without this, small and minority companies are at risk of financial ruin. Companies like ours could be required to complete existing contracts now, possibly requiring higher wages, without a clear DOL endorsed mechanism to pass on these increased costs to our customers.

Respectfully,

Christian Johansson  
Chairman

**SB 583\_MAA\_UNFAV.pdf**

Uploaded by: Rachel Clark

Position: UNF



CHAIRMAN:  
Jeff Graf  
VICE CHAIRMAN  
David Slaughter

**MARYLAND ASPHALT ASSOCIATION**



TREASURER:  
Paul Bramble  
SECRETARY:  
Curtis Hall  
PRESIDENT:  
Tim Smith

February 16, 2024

Senator Pam Beidle, Chair  
Senate Finance Committee  
3 East, Miller Senate Office Building  
Annapolis, MD 21401

**RE: SB 583 – UNFAVORABLE – Public Utilities – Investor-Owned Utilities – Prevailing Wage**  
Dear Chair Beidle 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 583 aims to extend prevailing wage requirements to contractors and subcontractors working on projects involving underground gas or electric infrastructure of privately owned utilities. It mandates that such utilities must ensure their contractors are paid at least the prevailing wage rate determined by the Commissioner of Labor and Industry.

MAA respectfully opposes this legislation, as we believe the government should not intervene in the affairs of private developers, especially regarding prevailing wage and collective bargaining agreements. Such regulations represent the State making decisions on behalf of private developers concerning the construction of their projects, which is inappropriate. SB 583 would lead to a significant increase in project costs, reduced competitiveness in the bidding process, and major project delays as contractors navigate the complexities of compliance. MAA advocates for the autonomy of private developers in managing their projects, and SB 583 would cause an undue burden on these companies.

We appreciate you taking the time to consider our request for a **UNFAVORABLE** report on Senate Bill 583.

Sincerely,

A handwritten signature in black ink that reads "Tim Smith". The signature is written in a cursive, flowing style.

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

**SB 583\_MTBMA\_UNFAV.pdf**

Uploaded by: Rachel Clark

Position: UNF



February 16, 2024

Senator Pam Beidle, Chair  
Senate Finance Committee  
3 East, Miller Senate Office Building  
Annapolis, MD 21401

**RE: SB 583 – UNFAVORABLE – Public Utilities – Investor-Owned Utilities – Prevailing Wage**

Dear Chair Beidle 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 583 aims to extend prevailing wage requirements to contractors and subcontractors working on projects involving underground gas or electric infrastructure of privately owned utilities. It mandates that such utilities must ensure their contractors are paid at least the prevailing wage rate determined by the Commissioner of Labor and Industry.

MTBMA respectfully opposes this legislation, as we believe the government should not intervene in the affairs of private developers, especially regarding prevailing wage and collective bargaining agreements. Such regulations represent the State making decisions on behalf of private developers concerning the construction of their projects, which is inappropriate. SB 583 would lead to unintended economic consequences, as significant cost increases are unavoidable, thereby discouraging investment in infrastructure projects. These increased costs will result in job losses within the construction industry and will especially impact small businesses as they try to maintain prevailing wage compliance. MTBMA advocates for the autonomy of private developers in managing their projects, and SB 583 would cause an undue burden on these companies.

We appreciate you taking the time to consider our request for a **UNFAVORABLE** report on Senate Bill 583.

Thank you,

Michael Sakata  
President and CEO  
Maryland Transportation Builders and Materials Association