



*The Voice of Merit Construction*

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TO: BUDGET AND TAXATION COMMITTEE

FROM: ASSOCIATED BUILDERS AND CONTRACTORS

RE: S.B. 403 – STATE PROCUREMENT – CONSTRUCTION AND SERVICES – CONTRACT MODIFICATION

POSITION: SUPPORT

The Associated Builders and Contractors (ABC) support S.B. 403 which is before you today for consideration. The bill, which mandates the inclusion of contract modification clauses for increased compensation and benefit costs due to statutory changes or collective bargaining agreements, is a crucial step towards ensuring fairness and predictability in state procurement contracts.

This bill addresses a significant challenge faced by businesses that contract with the state. When statutory changes or collective bargaining agreements lead to increased labor costs, contractors often find themselves in a difficult position. Without a mechanism for contract modification, they may be forced to absorb these unanticipated expenses, potentially leading to financial hardship or compromising the quality of their work. This can discourage businesses from bidding on state projects and ultimately harm the state's ability to secure competitive bids.

The proposed legislation offers a sensible solution by requiring procurement contracts for both construction and services to include clauses that allow for equitable adjustments to account for these increased costs. By ensuring that contractors are not penalized for complying with changes in law or collective bargaining agreements, this S.B. 403 creates a more level playing field and encourages responsible bidding practices.

We believe by including these clauses, it will foster a more competitive bidding environment, as contractors will be able to accurately estimate their costs without the fear of unforeseen expenses due to statutory changes or collective bargaining.

This bill is a common-sense measure that will benefit both contractors and the State of Maryland. It promotes fairness, transparency, and sound fiscal management in state procurement.

On behalf of the over 1,500 ABC members in Maryland, we respectfully request a favorable report on S.B. 403.

Marcus Jackson, Director of  
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