



February 5, 2025

The Honorable Guy Guzzone, Chair
The Honorable Jim Rosapepe, Vice Chair
Senate Budget and Tax Committee
101 James Senate Office Building
Annapolis, MD 21401

**Testimony of Ray Baker, Maryland Director, Baltimore-DC Building Trades
on SB 426: Procurement Reform Act of 2025
Position: FAVORABLE**

Thank you, Chair Guzzone, Vice Chair Rosapepe, and Members of the Budget and Tax Committee for the opportunity to offer testimony on SB 426. My name is Ray Baker. I am the Maryland Director of the Baltimore-DC Building Trades (BDCBT). The BDCBT's 28 affiliates represent more than 30,000 union construction workers across Maryland, Virginia, and the District of Columbia.

BDCBT strongly supports SB 426. In particular, we support the following provisions related to public works projects:

1. **The establishment of a Good Labor Practices Certification, with a 5 percent procurement preference for businesses with the certification.** We appreciate that the threshold to obtain the certificate is meaningful and stringent. Specifically, to obtain the certification, businesses must attest that they and any subcontractors will employ all workers as W-2 employees, and pay all workers by check or electronically, and not in cash. Contractors must also stipulate that they will be liable for subcontractor violations and carry a payment bond sufficient enough to ensure the payment of wages to all employees on a project. We also support that the certification is valid for 12 months and must then be renewed, and that the list of businesses with the certification must be published quarterly.

The Good Labor Practices Certification will help Maryland combat wage theft and create a climate of accountability among construction contractors, and it is very much needed. A recent study found Maryland leads US States in wage theft violations. The study analyzed US Department of Labor data and calculated that companies in Maryland committed 12,639 wage theft violations over the past three years, with an average of \$2,221 in back wages owed per employee.

2. **The establishment of a working group to study whether immediate or prompt payment features can be added to the 21st Century Financial Systems Enterprise so that contractors and subcontractors can be paid at the same time.** We appreciate the establishment of this working group because prompt payment to subcontractors is needed. It provides predictability, accountability, and continuity of work in construction. When a remittance or invoice is held, it can be the beginning of the end for a small company. It becomes a burden to make payroll, meet supplier invoices and cover overhead. To have a more fair and competitive work place, invoices and payments need to be made in a timely manner. This allows a company to grow and prosper.

The BDCBT urges the committee to issue a favorable report on SB 426.

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