

AUC of Maryland_SB403_FAV.pdf

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Position: FAV



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February 5, 2025

Legislative Position: Favorable
Senate Bill 403

State Procurement - Construction and Services - Contract Modification
Senate Budget & Taxation Committee

Dear Chairman Guzzone and members of the committee:

Established in 1950, the Associated Utility Contractors of Maryland, Inc. (AUC) is dedicated to advancing the utility contracting industry across the state. Our mission is to foster strong relationships between utility contractors and their clients, uphold the highest professional standards within the industry, and elevate the reputation of utility professionals within the business community. We actively advocate for public policies that address industry challenges and contribute to improving Maryland's overall business environment.

As introduced, SB 403 is a crucial piece of legislation that will provide much-needed relief to contractors and subcontractors who are impacted by legislative or regulatory changes that mandate certain cost increases. By allowing for contract modifications to account for increased costs resulting from statutory changes increasing required compensation or benefits or from the result of changes from collective bargaining, contractors will be able to offset the financial burdens imposed by these changes.

Contractors support this bill because it recognizes the reality that they face when bidding on and performing contracts. When legislative or regulatory changes occur, contractors are often left to absorb the increased costs, which can be devastating to their businesses. By allowing for contract modifications, SB 403 will provide a fair and equitable solution to this problem.

The inclusion of a clause requiring contract modification for increased costs due to statutory changes or collective bargaining will provide contractors with the certainty they need to bid on and perform contracts with confidence. This, in turn, will lead to more competitive bidding and better outcomes for the state and its taxpayers.

Whitney Beall
EXECUTIVE DIRECTOR

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Ian Stambaugh

We urge the Senate Budget and Taxation Committee to give a favorable report on SB 403. By passing this bill, the General Assembly will be taking a significant step towards creating a more fair and equitable procurement process.

Sincerely,

The Associated Utility Contractors of Maryland (AUC)

Testimony in support MD SB403_Final Beresford 2.3.

Uploaded by: Leon Beresford

Position: FAV

Written Testimony Submitted to the
Maryland Senate Budget and Taxation Committee
By Leon A. Beresford, CPP, PSP, PCI, Executive Vice President
MD SB 0403
State Procurement - Construction and Services - Contract Modification
February 3, 2025
Favorable

Chairperson Guzzone and Members of the Budget and Taxation Committee,

I am employed by Admiral Security Services as the Executive Vice President, in-charge of company operations throughout the United States. Admiral Security Services is one of the largest security companies in the USA. We are a private family-owned business headquartered in Bethesda, Maryland with our Mid-Atlantic Division office in Baltimore, Maryland.

In addition to my position at Admiral Security Services, I represent the security industry as a Board Member of the National Association of Security Companies (NASCO). I am also the Chairperson Emeritus for the ASIS International Security Services Community which focuses on issues related to security services providers, particularly security guard companies.

I appreciate the opportunity to submit written testimony in support of Maryland Senate Bill 403, which seeks to amend current procurement law to ensure fair and adequate compensation for service contract workers in the face of statutory changes and collective bargaining agreements.

I support this unambiguous but important legislation to create an equitable process for amending contracts when contract services provided to the State of Maryland are affected by new laws or collective bargaining agreements that increase compensation or benefits for workers.

Key examples that emphasize the necessity of this legislation are the Maryland Healthy Working Families Act (MHWFA) which required covered employers to provide paid sick and safe leave to employees and the newly passed law requiring employers to contribute to the Family Medical Leave Insurance Program. These statutory changes undoubtedly increase the financial responsibilities of employers and service contractors in Maryland. However, under the current procurement framework, service contracts do not have a built-in mechanism for addressing such increases in compensation or benefits. This leaves contractors, particularly those engaged in government services, in a difficult position, often forced to absorb additional costs or renegotiate terms in a burdensome, case-by-case manner.

Senate Bill 403 would amend the existing procurement law to ensure that service contracts, like construction contracts, are eligible for modifications when two specific circumstances arise:

1. Statutory changes that require increased compensation or benefits.
2. Collective bargaining agreements that result in increases in compensation or benefits.

This proposed amendment to Maryland's procurement law is essential to ensure that public service contractors are not unfairly penalized for compliance with new laws or agreements that benefit workers. The State of Maryland has championed its commitment to fair wages and benefits for workers. It is antithetical to these values to mandate increase in costs related to compliance with governmental mandates or collective bargaining agreements but leave in place barriers that prohibit government contractors from possessing the necessary tools to manage costs fairly and transparently.

I urge the committee to support SB 403 and ensure that Maryland's procurement laws reflect the realities of the modern workforce, where changes in compensation and benefits are not just possible but increasingly common. This bill will provide much-needed clarity and fairness, helping to protect both workers and contractors.

Thank you for your time and consideration.

Sincerely,

Leon A. Beresford, CPP, PSP, PCI
Executive Vice President
Admiral Security Services

sb403test - Construction and Services - Contract M

Uploaded by: Marcus Jackson

Position: FAV



The Voice of Merit Construction

February 5, 2025

Mike Henderson

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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
Government Affairs



SB 403 Ray Baker Baltimore DC Building Trades (FAV

Uploaded by: Ray Baker

Position: FAV



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 403: State Procurement Construction and Services - Contract Modification
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 403.

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 403. It would mandate that state construction and service contracts include clauses requiring cost modifications to address increases in wages and benefits due to collective bargaining or statutory adjustments.

SB 403 ensures workers are treated fairly and that they receive the wage increases they deserve. Change orders are common when the cost of materials increase; worker wages should be treated no differently.

SB 403 also benefits government contractors because it protects contractors from absorbing increased wage costs that can hurt their bottom line. SB 403 takes away the discretion of how contracting officers can address increased labor costs, particularly the use of a "no-adjustment" clause. A "no-adjustment" clause takes the approach of informing the contractor that no adjustment of prices will be awarded unless strictly provided elsewhere in the contract.

The BDCBT urges the committee to issue a favorable report on SB 403.

Ray Baker
Maryland Director, BDCBT
RBaker@BDCBT.org
410.585.7862

SB403 IBEW Support.pdf

Uploaded by: Rico 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



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AFL-CIO-CLC

BALTIMORE, MARYLAND 21230

Phone: 410-247-5511
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Written Testimony of
Rico Albacarys, Assistant Business Agent, IBEW LOCAL 24
Before the Senate Budget & Taxation Committee On
SB 403 State Procurement – Construction and Services – Contract Modification

Support

February 3, 2025

Chairman Guzzone and Committee Members,

My name is Rico Albacarys and I am a member and employee of IBEW Local 24, writing to express our **support of Senate Bill 403**, which ensures fairness in public procurement contracts by requiring equitable adjustments for increased labor costs due to statutory changes or collective bargaining agreements.

The way contracts are currently structured, there are no escalations for cost-of-living-adjustments. SB 403 provides a straightforward solution by requiring contract modifications that reflect these adjustments, ensuring that contractors can fairly compensate their workforce without jeopardizing the financial viability of public projects.

This bill strengthens Maryland's commitment to fair labor practices and prevents scenarios where workers are denied cost-of-living raises due to rigid contracts that fail to account for evolving labor standards. It also protects taxpayers by maintaining project stability, avoiding costly disputes, and ensuring that skilled workers remain on the job without disruption.

We urge the Committee to **support SB 403** to uphold Maryland's values of fairness, stability, and respect for the hardworking men and women who build and maintain our state's infrastructure. Thank you for your time and consideration.

Sincerely,

Rico Albacarys
Assistant Business Agent
IBEW Local 24

NASCO Testimony in Favor of SB 403 .pdf

Uploaded by: Steve Amitay

Position: FAV



National Association of Security Companies

444 North Capitol Street, NW
Suite 203
Washington, DC 20001
www.nasco.org



NASCO Testimony in Support of SB 403
Hearing before the Senate Committee on Budget and Taxation
February 5, 2025

The National Association of Security Companies (NASCO), the nation's largest contract private security association. In the State of Maryland, NASCO companies employ over 6,000 licensed and trained security officers who are performing security services throughout the State including at facilities and locations pursuant to State of Maryland procurement contracts.

Private security officers play an important public safety role in Maryland. They are seen by the public as persons of trust, and often they are the first to respond to a criminal incident or emergency situation and they provide support to law enforcement. Through Maryland governmental procurement contracts licensed security officers of licensed Maryland security companies are protecting and safeguarding government employees, visitors, and others governmental facilities.

Experience and training are crucial elements in a security officer's performance capabilities and for security companies to recruit and maintain an experienced and well-trained security force it requires providing officers with sufficient and fair compensation and benefits. In multi-year state procurement contracts for security services, or any services, when the contract is entered into, it is impossible for service companies to predict or even know of future employee compensation and benefit requirements that will increase their employee costs on the contracts. Accordingly, in many other states, and in federal service contracts (under the Service Contract Act), when a collective bargaining agreement (CBA) is negotiated and results in increased wages or benefits for employees on a contract, the contractor can obtain a price adjustment to their contract to reflect these higher costs. Price adjustments are also made when new federal or state laws are enacted during the contract period that require the contractor to increase employee benefits and compensations. This is also commonplace in private sector security services contracts.

Conversely, if modifications to procurement contracts cannot be made as a result of a CBA or statutory changes that increase employee compensation and benefits during the contract period, companies are forced to try to minimize such increases and find other ways to cut contract related expenses to stay within the payment terms of the contract. While this is understandable, it is not good for employees, the company, or the State. As mentioned, for security companies, having



National Association of Security Companies

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experienced well-trained employees equates to better security services, which is better for the State, and the best way to maintain such an employee workforce is to provide fair and sufficient compensation and benefits. This goes for other types of services and in the construction industry. Maryland has a long history of supporting employees on compensation and benefits issues, and the passage of SB 403 is necessary to ensure that service workers and construction workers on state procurement contracts receive such support.

NASCO strongly urges the Committee to pass SB 403.

Steve Amitay
Executive Director
National Association of Security Companies (NASCO)
444 North Capitol St., NW
Suite 607
Washington, D.C. 20001

SB 403 State Procurement – Construction and Servic

Uploaded by: tamika winkler

Position: FAV

CORY V. MCCRAY
Legislative District 45
Baltimore City

DEPUTY MAJORITY WHIP

Budget and Taxation Committee

Subcommittees

Chair, Health and Human Services

Vice Chair, Capital Budget

Executive Nominations Committee

Legislative Policy Committee

Joint Committee on Gaming Oversight



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Cory.McCray@senate.state.md.us

THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Vote Yes to SB 403

Title: State Procurement – Construction and Services – Contract Modification
Budget & Taxation
Hearing: February 5, 2025

Dear Chair, Vice Chair, and Members of the Committee,

I am writing to request your favorable vote on **SB 403**, a bill which modifies existing legislation to provide contract workers with more bargaining power in contract procurements. **SB 403** calls for the addition of new clauses requiring contract modifications for both construction contracts and service contracts. The clauses would require the equitable allocation of compensation and benefits as it relates to statutory changes or collective bargaining.

SB 403 addresses a critical oversight in our legislation for current procurement contracts. With **SB 403**, workers are given the ability to renegotiate unfair contracts. When it comes to constituents offering their time and effort to fulfil contracts, it is our duty as their elected officials to ensure they are being justly compensated for their work and have legal leverage to demand fair compensation.

I urge you to vote favorably for **Senate Bill 403**. By doing so, you empower workers who rely on contract work and we can provide contract workers the means to receive proportional payment for their labor.

Continued Blessings,

A handwritten signature in blue ink, appearing to read "Cory V. McCray".

Cory V. McCray
45th District

SB403_LOO_State Procurement - Construction and Ser

Uploaded by: Kevin O'Keeffe

Position: UNF

February 5, 2025

To: Members of the Senate Budget and Taxation Committee

From: Independent Electrical Contractors (IEC) Chesapeake

Re: **Oppose Senate Bill (SB) 403 - State Procurement - Construction and Services
- Contract Modification**

Independent Electrical Contractors (IEC) Chesapeake represents approximately 200 electrical contractors who employ approximately 15,000 workers in the mid-Atlantic region. In addition, IEC Chesapeake has nearly 1,000 electrical apprentices. IEC Chesapeake opposes SB403 because it disadvantages merit shop contractors whose business model does not include collective bargaining.

Senate Bill 403 would allow for a state contract to be modified for increased costs for compensation or benefits as a result of collective bargaining. Since merit shop contractors do not participate in collective bargaining it is unfair to not have a mechanism for merit shop contractors to have contracts adjusted for increased costs. For those reasons, IEC Chesapeake requests an unfavorable report on SB403.

Thank you for your consideration. If you have any questions, please contact Grant Shmelzer, Executive Director of IEC Chesapeake, at 301-646-0197 or at gshmelzer@iec-chesapeake.com or Kevin O’Keeffe at 410-382-7844 or at kevin@kokeeffelaw.com.

About Us

Independent Electrical Contractors (IEC) Chesapeake represents members throughout Delaware, Maryland, Virginia, West Virginia, and Washington, D.C. Our headquarters are located in Laurel, Maryland. IEC Chesapeake has an extensive apprenticeship program for training electricians. In addition, IEC Chesapeake promotes green economic growth by providing education and working with contractor members, industry partners, government policy makers and inspectors to increase the use of renewable energy.

SB 403_MTBMA_UNF.pdf

Uploaded by: Michael Sakata

Position: UNF



February 5th, 2025

Senator Guy Guzzone, Chair
Senate Budget and Taxation Committee
3 West, Miller Senate Office Building
Annapolis, MD 21401

RE: SB 403 – UNFAVORABLE – State Procurement – Construction and Services – Contract Modification

Dear Chair Guzzone 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 403 requires procurement construction contracts to include a clause requiring contract modification for increased costs related to compensation and benefits. Specifically, contracts must be adjusted if costs rise due to statutory changes or collective bargaining.

MTBMA respectfully opposes SB 403 because we have concerns it gives favoritism to union-backed contractors. While we have member organizations that are both union and non-union, we cannot support legislation that gives favor to one over the other. We support fair and equitable competition amongst contractors. In Maryland, over 90% of contractors are open shop, therefore passing a law that gives preference to union labor excludes the majority of Maryland contractors from competing and working on jobs in the State.

We appreciate you taking the time to consider our request for an **UNFAVORABLE** report on SB 403.

Thank you,

Michael Sakata
President and CEO
Maryland Transportation Builders and Materials Association