

AUC of Maryland_HB 1499_FAV.pdf

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Position: FAV



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March 26, 2025

Legislative Position: Favorable
HB 1499

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, HB 1499 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, HB 1499 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.

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We urge the Senate Budget and Taxation Committee to give a favorable report on HB 1499. 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)

HB1499_LOO_State Procurement - Construction and Se

Uploaded by: Kevin O'Keeffe

Position: UNF

March 26, 2025

To: Members of the Senate Budget and Taxation Committee

From: Independent Electrical Contractors (IEC) Chesapeake

Re: **Oppose House Bill (HB) 1499 - 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 HB1499 because it disadvantages merit shop contractors whose business model does not include collective bargaining.

House Bill 1499 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 HB1499.

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.

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Position: INFO

HB 1499 – State Procurement – Construction and Services – Contract Modification

Position: Letter of Information

Committee: Budget and Taxation

Date: March 26, 2025

From: John R. Woolums, Esq.

The Department of General Services (DGS) appreciates the opportunity to provide information regarding House Bill 1499 - State Procurement - Construction and Services - Contract Modification. DGS is providing this Letter of Information to explain the operational and fiscal effects of this proposed legislation on the Department.

DGS appreciates the Delegate's bill to amend section 13-218 of the State Finance and Procurement (SFP) Article to modify the State procurement process regarding the modification of certain contracts based on changes adopted in law or collective bargaining agreements.

The Governor's Office has submitted the Procurement Reform Act of 2025 (PRA) (HB 500/SB 426) that seeks to reform State procurement to be more streamlined, efficient, and transparent. In an effort to align this bill, if enacted, with the PRA, DGS would like to suggest the following amendment:

Amendment: Strike the language on page 2, line 25 starting with “contingent” through “Board” on page 2, line 26. Substitute “required to obtain all applicable approvals under Division II of this Article.”

Rationale: This amendment would bring this provision in the bill in alignment with the proposed provisions in the PRA and Board of Public Works (BPW) approval would be covered by the amended language when applicable.

Again, DGS is providing this testimony for informational purposes, and the Department looks forward to being of further assistance as the Committee considers this bill.