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February 25, 2025

Legislative Position: Unfavorable
House Bill 662
Procurement - Master Contracting - Authorization
House Health and Government Operations Committee

Dear Chairwoman Pena-Melnyk 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.

We are writing to express our concern with HB 662, which would expand the authority to award master contracts to any unit of the state. As the representative organization for utility contractors in Maryland, who are almost exclusively subcontractors, we have serious concerns about the impact of this bill on the procurement process and the role of the state in managing contracts.

Currently, only the executive branch is authorized to award master contracts, which allows for a streamlined procurement process where contractors are pre-approved before a work order is established. While this process can be efficient, we believe that expanding this authority to any unit of the state would be a mistake.

Master contracts often result in a secondary competition process which allows the entity that holds the master, rather than the state itself, to make the determination on subcontract awards. As utility contractors who are primarily subcontractors, we believe that this duty should remain in the hands of the state. By allowing any unit of the state to award master contracts, we risk further eroding the state's control over the procurement process. Furthermore, we are concerned that this bill would lead to a lack of transparency and accountability in the procurement process. With more units of the state awarding master contracts, it would be increasingly difficult to track and monitor state contracts.

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We urge the committee to maintain the current authority for awarding master contracts with the executive branch. This will ensure that the state maintains control over the procurement process and that contracts are awarded in a fair and transparent manner.

Sincerely,

The Associated Utility Contractors of Maryland (AUC)