



February 17, 2025

The Honorable Guy Guzzone  
Chair, Senate Budget and Taxation Committee  
Miller Senate Office Building  
11 Bladen St.  
Annapolis, MD 21401

The Honorable Joseline A. Peña-Melnyk  
Chair, House Government Operations Committee  
House Office Building  
6 Bladen St.  
Annapolis, MD 21401

**Re: Support for SB 426 and HB 500 – Protecting Maryland’s Skilled Workforce**

Dear Chair Guzzone, Chair Peña-Melnyk, and Members of the Senate Budget and Taxation Committee and House Government Operations Committee,

As Executive Vice President of the Mechanical Contractors Association of Metropolitan Washington (MCAMW), I write in strong support of SB 426 and HB 500, particularly the labor provisions contained on pages 42-44 regarding Good Labor Practices, the 5% Preference, and W-2 Employee Classification. These provisions are essential to ensuring a skilled, stable, and fairly compensated workforce, maintaining fair competition, and upholding accountability in state contracting. In addition to our support for the bill, we strongly oppose any amendments that would weaken or remove these protections. Without these provisions, the risk of worker misclassification, wage theft, and unfair competition from unscrupulous contractors will increase.

The Mechanical Contractors Association of Metropolitan Washington represents 200 construction contractors, employing some 10,000 workers and 1,000 apprentices across the DMV region. This includes local unions, hiring halls, and apprenticeship training centers of the Mid-Atlantic Pipe Trades Association throughout Maryland, as well as our affiliates within the Building Trades who operate additional hiring halls and training programs in the state. Together, our economic footprint generates approximately \$2 billion in annual revenue and contributes \$500 million in state, federal, and local taxes every year.



## **Ensuring Fair Labor Practices and Protecting Maryland Workers**

SB 426 and HB 500 introduce Good Labor Practices Certification, ensuring that contractors and subcontractors meet fundamental fair labor standards, including:

- Employing W-2 workers instead of independent contractors, ensuring fair wages, benefits, and workplace protections.
- Paying workers through check or electronic means, reducing the risk of wage theft.
- Complying with Maryland's existing labor laws under Titles 3, 5, 8, and 9 of the Maryland Labor and Employment Article.
- Disclosing subcontractor employment data to the Maryland Department of Labor to ensure compliance.

These measures are crucial in preventing worker misclassification, which denies workers essential rights, including overtime pay, unemployment benefits, and workers' compensation. By maintaining these standards, Maryland ensures that taxpayer-funded projects support responsible businesses, rather than incentivizing exploitative labor models.

## **The 5% Preference – Rewarding Responsible Contractors**

This bill provides a 5% bid preference to businesses certified under Good Labor Practices, allowing them to remain competitive against companies that cut corners on wages and worker protections.

Why This Matters:

- Encourages fair and ethical competition, rewarding businesses that invest in their workforce.
- Raises industry standards, ensuring Maryland workers receive fair pay and benefits.
- Supports long-term workforce development, ensuring stable career opportunities in skilled trades.

Without this provision, companies that misclassify workers or engage in wage theft would gain an unfair advantage, driving down wages and reducing job stability across the industry.



## **Joint and Several Liability – Ensuring Accountability**

SB 426 and HB 500 hold prime contractors accountable for labor violations committed by their subcontractors. This is an essential measure to prevent bad actors from skirting labor laws by shifting liability down the supply chain.

Prime contractors must:

- Ensure subcontractors comply with wage and labor laws.
- Disclose labor violations involving themselves or their subcontractors.
- Provide payment bonds to guarantee proper wages.

This measure prevents fraudulent subcontracting practices, where bad actors evade responsibility by dissolving companies or misclassifying workers. Without it, law-abiding businesses will be undercut by unethical competitors, leading to lower wages, less worker protection, and reduced safety standards.

In conclusion, SB 426 and HB 500 are critical to protecting workers from exploitation by preventing wage theft and misclassification, encouraging fair competition by ensuring compliance with labor laws, strengthening apprenticeship and training programs that sustain Maryland's skilled workforce, and holding contractors accountable to ensure responsible subcontracting practices.

We urge the committee to reject any amendments that would weaken these provisions and to pass SB 426 and HB 500 as written. These protections are essential to maintaining a strong and fair construction industry in Maryland.

Thank you for your time and consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "T. Bello", with a stylized flourish at the end.

Thomas L. Bello  
Executive Vice President  
Mechanical Contractors Association of Metropolitan Washington