



GOVERNOR MOORE'S "PROCUREMENT REFORM ACT" (HB500 / SB426)

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The Honorable Joseline A. Peña-Melnyk
Chair, House Health and Government Operations Committee
House Office Building, Room 241
6 Bladen Street
Annapolis, MD 21401

RE: Opposition to Anti-Worker Amendments to HB500 – Procurement Reform Act of 2025

Dear Chair Peña-Melnyk and Members of the House Health and Government Operations Committee,

On behalf of the Mechanical Contractors Association of Metro Washington representing a number of Minority Business Enterprises (MBEs) across Maryland, I write to express strong opposition to proposed amendments that would strip critical labor and worker protections from Governor Moore's Procurement Reform Act of 2025 (HB500/SB426).

As introduced, this bill is a necessary and balanced update to Maryland's procurement laws, expanding opportunities for small and minority-owned businesses while also ensuring strong labor protections. However, the proposed amendments—pushed by proponents of anti-worker policies—would weaken key provisions related to Good Labor Practices, the 5% bid preference, and W-2 employee classification. If these protections are removed, MBEs, union contractors, and workers across Maryland will suffer.

Why the Proposed Amendments Harm MBEs, Workers, and Fair Competition

1. Loss of Good Labor Practices Certification and Preference

- The bill establishes a Good Labor Practices certification and a 5% bid preference for vendors who adhere to fair labor standards, pay employees properly, and comply with workplace safety laws.
- If these provisions are removed, responsible contractors who treat workers fairly will lose a competitive advantage, allowing low-wage, non-union, and less responsible contractors to dominate the bidding process.
- MBEs that operate as union contractors will be especially disadvantaged, as the bill's preference helps level the playing field against larger, non-union firms that often cut costs at the expense of workers.

2. Encouraging Worker Misclassification (1099 Instead of W-2 Employees)

- The bill requires contractors to classify workers as W-2 employees rather than 1099 independent contractors, ensuring workers receive fair wages, benefits, and legal protections.
- Without this provision, businesses could misclassify employees as independent contractors, allowing them to evade payroll taxes, workers' compensation, and unemployment insurance.
- Misclassification undermines unionized workforces, which depend on W-2 classification for collective bargaining rights, fair wages, and benefits.

3. Lower Wages and Weaker Job Protections

- The bill mandates that vendors pay employees through check or electronic means, increasing wage transparency and reducing wage theft.
- Removing this provision would allow for unfair deductions, off-the-books payments, and misclassification, disproportionately hurting lower-wage workers and MBEs.
- Many unionized workplaces provide strong wage and job protections, and removing these labor standards will make it easier for bad actors to undercut responsible employers with lower-paid, precarious employment.

4. Undermining Union and Worker Power in Public Procurement

- The bill prioritizes contractors who meet fair labor standards, ensuring Maryland's public dollars support businesses that invest in their workers and communities.
- Removing these protections would benefit contractors that engage in cost-cutting at workers' expense, incentivizing lower wages, fewer benefits, and unsafe working conditions.



- Union contractors, including MBEs, would be forced to compete against firms that operate with lower standards, eroding fair competition and driving down wages.

5. Increased Workplace Safety Risks

- The bill requires a workplace safety consultation through the Maryland Occupational Safety and Health Program (MOSH), ensuring that state contractors meet basic safety standards.
- Stripping this provision would reduce accountability for workplace safety, putting workers—especially those in construction and public works—at greater risk of injury and hazardous conditions.
- Unions have fought for and implemented stronger safety standards, and this amendment would jeopardize the progress made in protecting Maryland's workforce.

6. Negative Economic Impact on Unionized Trades & MBEs

- Union MBEs would be particularly harmed, as they rely on state contracts that require fair labor standards.
- If these amendments pass, Maryland's public projects will increasingly go to contractors who pay workers less, provide fewer benefits, and misclassify employees, displacing MBEs and unionized trades.
- The removal of these provisions would reduce job security, lower wages, and create an unfair disadvantage for responsible contractors who invest in their workforce and uphold higher labor standards.

Conclusion: Keep HB500 Strong—Do Not Weaken Worker Protections

The Procurement Reform Act of 2025, as introduced, is a fair and necessary step forward, balancing MBE and small business participation with strong labor protections. The proposed amendments would undo this progress, shifting state contracts toward companies that exploit workers, misclassify employees, and pay lower wages.

We urge the committee to reject these harmful amendments and ensure that Maryland's procurement laws continue to promote fair wages, responsible contracting, and strong worker protections.

Thank you for your time and consideration. Please stand with Maryland's union workers, MBEs, and fair contractors by opposing any effort to strip labor protections from HB500/SB426.

Respectfully,

A handwritten signature in black ink, appearing to read 'T. Bello', with a stylized flourish at the end.

Thomas L. Bello
Executive Vice President