

Senator Guy Guzzone
Chair, Senate Budget and Taxation Committee
142 Lowe House Office Building
Annapolis, Maryland 21401

Senate Bill 63- State Procurement-Construction and Services- Contract Modification
SUPPORT

Dear Chair Guzzone and Members of the Committee,

Thank you for this opportunity to submit this letter of support for Senate Bill 63. I'm writing on behalf of Allied Universal, a leading security and facility services company, which provides proactive security services and cutting-edge smart technology to deliver tailored, integrated security solutions. Allied Universal is the largest security provider in Maryland, employing thousands of security professionals in the state.

Senate Bill 63 would require state construction and service contracts to include an equitable adjustment clause, allowing for cost adjustments when either:

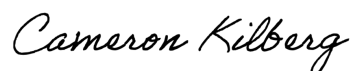
- (1) Increased costs for compensation mandated by statute, or
- (2) Increased costs related to enforcement of collective bargaining agreements.

The bill is carefully crafted to apply only when a contract exceeds \$2 million with a term of 3 years or longer. The contract modification would be contingent upon the approval of the Chief Procurement Officer.

The bill protects businesses with large procurement contracts of a duration of three or more years from unforeseen changes in law and enforcement of collective bargaining rights long after the procurement is bid upon.

Senate Bill 63 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.

The bill strikes fairness between the State and the business community. For the above reasons, we respectfully request a favorable report.



Cameron Kilberg
Vice President of Government Relations