



Senator Guy Guzzone, Chair
Senate Budget and Taxation Committee
3 West Miller Senate Office Building
Annapolis, MD 21401

January 28, 2026

RE: SB 63 – FAVORABLE WITH AMENDMENTS – State Procurement – Construction and Services – Contract Modification

Dear Chair Guzzone and Members of the Committee:

The Maryland Asphalt Association (MAA) represents approximately 110+ members, including 20 material producers, contractors, engineering firms, and associate members, supporting a 7,000-person workforce. MAA actively collaborates with regulatory agencies to advocate for the asphalt industry, ensuring fair regulations at both the state and federal levels. Additionally, we support adequate funding for Maryland's multimodal transportation system.

Senate Bill 63 would allow contracts of three years or more and valued over \$2 million to include a clause requiring contract modification for equitable adjustment for increased costs for compensation and benefits as a result of statutory changes that would increase required compensation or benefits.

We support the intent of SB 63 because contractors should not be required to absorb costs that are created by changes in State law after a contract is awarded. Providing a clear, predictable mechanism for addressing those costs protects taxpayers, promotes fair competition, and supports timely project delivery. However, MAA recommends the following targeted amendments to ensure the bill remains neutral, workable, and reflective of Maryland's construction market:

1. Limit equitable adjustments to statutory changes only. Contract modifications should apply solely to increases in compensation or benefits mandated by State or federal law. References to collective bargaining should be removed to preserve a market-neutral procurement framework and avoid creating unequal treatment across industries.
2. Make approval ministerial when documented cost impacts are demonstrated. Once a contractor substantiates increased costs resulting directly from a statutory change, the contract modification should be required rather than discretionary. This ensures predictability and avoids project delays.

With these amendments, SB 63 would provide a reasonable and balanced approach to managing unforeseen statutory cost increases on long-term contracts, while maintaining fair competition and protecting the public interest. We look forward to working with the sponsor and the committee to



improve the bill and ensure it works for all parties involved in delivering Maryland's public infrastructure.

Sincerely,

A handwritten signature in black ink that reads 'Tim Smith'.

Tim E. Smith. P.E.
President
Maryland Asphalt Association