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COMMITTEE: GOVERNMENT, LABOR, AND ELECTIONS

TESTIMONY ON: HB 997 - STATE FINANCE AND PROCUREMENT - PREVAILING WAGE RATE - CALCULATION

POSITION: SUPPORT

HEARING DATE: MARCH 3, 2026, AT 1:00 PM

WASHINGTON GAS RESPECTFULLY SUBMITS THIS STATEMENT IN **SUPPORT TO HOUSE BILL 997 – STATE FINANCE AND PROCUREMENT - PREVAILING WAGE RATE - CALCULATION**

Purpose of HB 997

House Bill 997 updates Maryland’s prevailing wage statute by modifying the method used by the Commissioner of Labor and Industry to determine prevailing wage rates for public works projects and by establishing conditions under which an existing wage rate must be vacated when it is determined to be inaccurate or unsupported. Additionally, the bill adds a new definition for an “investor-owned gas company” in state law, distinguishing it from municipal gas systems and gas cooperatives. The bill exempts utility employees from being part of the prevailing wage survey. It further requires the Department of Labor to vacate the prior survey data. These changes are intended to improve clarity, consistency, and administrative accuracy in the application of prevailing wage requirements across state-regulated sectors.

Bill Analysis

HB 997 provides statutory clarity to prevent the disruption of utility infrastructure projects across Maryland. Historically, employees of utilities have been and remain excluded from Maryland's prevailing wage programs and requirements. Altering this precedent would have demonstrable consequences for infrastructure projects, operational budgets, and customer rates.

Expanding the survey to include employees of investor-owned utilities represents a significant departure from historical precedent. This concern is shared not just by industry, but by organized labor. The Philadelphia/Baltimore/Washington Laborers' District Council (PBWLDC), LiUNA, has formally expressed to the Department that this approach will fundamentally alter current utility wage rates rather than reflect actual prevailing practices.

Recently, the Department of Labor (DOL) initiated a Targeted Prevailing Wage Survey under Public Utilities Article §5-305. Respectfully, the methodology of this current survey presents notable operational challenges for the utility sector. Requirements of US DOT 192(n) qualification require Gas Utilities to have a structured method of qualifying personnel working on natural gas facilities. DOL should seek to align survey job classifications in coordination with the applicable

utilities, labor groups, and contractors to ensure surveys arrive at wage classifications consistent with the requirements of the utility work covered by Public Utilities Article §5-305.

Ensuring survey job classifications properly align with the specific requirements of the covered utility work in each locality is essential to maintain stable outcomes for workers, contractors, and utility customers. If these new wage rates are unexpectedly applied to the utility sector, project costs and customer utility rates are almost certain to increase, in direct contravention of the State's focus on utility service affordability. Furthermore, this change would instantly penalize projects with contracts already in place. These established agreements do not contemplate these new wage rates. The utility industry previously navigated the challenging process of adjusting to prior prevailing wage legislation, which resulted in increased wage rates and heavily adjusted contracts. Imposing these requirements on utility work now through DOL's survey approach would force utilities and contractors to start this disruptive process all over again. HB 997 appropriately ensures that Maryland utilities are not subject to the DOL survey process.

To maintain stability in utility contracting and provide clear statutory guidance on this issue, Washington Gas requests a favorable report on HB 997.

About Washington Gas

Washington Gas Light Company provides safe, reliable natural gas service to more than 1.2 million customers in Maryland, Virginia, and the District of Columbia. WGL has been providing energy to residential, commercial, government, and industrial customers for more than 177 years, and currently serves nearly 520,000 Maryland customers in Montgomery, Prince George's, Charles, St. Mary's, Frederick, and Calvert Counties. The Company employs over 600 employees in Maryland, and hundreds of outside contractors, plumbers, union workers, and other skilled tradespeople. The Company strives to improve the quality of life in our communities by maintaining a locally-based workforce, working with suppliers that represent and reflect the communities we serve, and giving back through its charitable contributions and employee volunteer activities. The Company, together with other natural gas distribution utilities, are responsible for delivering the primary source of heat to Maryland residential energy consumers, serving approximately one half of all Maryland households while providing critical energy services to residential, commercial, and industrial customers at one-third the cost of electricity on a per unit basis.

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