



March 3, 2026

The Honorable Melissa Wells, Chair
House Government, Labor and Elections Committee
House Office Building, Room 145
6 Bladen Street
Annapolis, MD 20740

Testimony in Support – House Bill 997 – State Finance and Procurement – Prevailing Wage Rate – Calculation

My name is Christian Johansson, and I am Chairman and Chief Strategy Officer of Stella May Contracting, Inc., an underground and overhead utility Minority Business Enterprise contractor serving Maryland. On behalf of Stella May, I rise in support of House Bill 997.

This legislation provides a necessary and straightforward clarification to Maryland’s prevailing wage law under State Finance and Procurement § 5-305.

The issue before us arose during the 2025 prevailing wage survey process. The Maryland Department of Labor signaled that it may include internal wage data from investor-owned utilities—such as BGE and Pepco—when determining prevailing wage rates for underground gas and utility construction projects.

Respectfully, that would represent a significant departure from both statutory intent and long-standing practice.

Maryland’s prevailing wage statute governs contractors performing covered public work. It does not apply to investor-owned utility employees. Those employees are compensated under separate collective bargaining agreements and operate within a regulated utility rate structure that is fundamentally different from the competitive contractor labor market.

Including internal utility wage data would incorporate compensation levels from workers who are not regulated by § 5-305 into a system designed exclusively to regulate contractor wages. That is not how the statute was designed to function.

There is a helpful analogy in public procurement law. When prevailing wages are determined on public works projects, wages of public agency employees—the project owner—are excluded from the calculation. In the underground utility context, the investor-owned utility functions as the project owner, much like a public agency. Including their internal employee wages would mirror including agency wages in public procurement calculations, which Maryland law expressly avoids.

Beyond the statutory structure, there are real world consequences. The underground utility work impacted by this policy is critical to both reliability and safety. Artificially impacting contractor prevailing

wage rates could significantly impact the amount and cost of this work, which ultimately flows through to Maryland ratepayers.

There is no clear public policy benefit to including investor-owned utility internal wage data. The result would not correct a problem; it would distort the market the statute is intended to measure.

In December 2025, these concerns were raised administratively. Unfortunately, no corrective action was taken. As a result, we have formed a partnership between labor and industry to support HB 997 to clarify the proper scope of the prevailing wage survey process and ensure that investor-owned utility employees are not included in contractor wage rate determinations. I want to emphasize that partnership. This is not an anti-labor initiative. It is a statutory clarification effort to ensure the prevailing wage system measures the contractor labor market it was designed to regulate.

HB 0997 simply restores clarity and consistency with existing procurement principles and the intended scope of § 5-305.

For these reasons, I respectfully urge a favorable report on HB 0997.

Thank you for your time and consideration.