



January 27, 2026

Delegate Melissa Wells, Chair  
House Government, Labor, and Elections Committee  
145 Lowe House Office Building  
Annapolis, MD 21401

**RE: HB 74 – FAVORABLE WITH AMENDMENTS – State Procurement – Construction and Services – Contract Modification**

Dear Chair Wells and Members of the Committee:

The Maryland Transportation Builders and Materials Association (“MTBMA”) has been and continues to serve as the voice for Maryland’s construction transportation industry since 1932. Our association is comprised of 250 members. MTBMA encourages, develops, and protects the prestige of the transportation construction and materials industry in Maryland by establishing and maintaining respected relationships with federal, state, and local public officials. We proactively work with regulatory agencies and governing bodies to represent the interests of the transportation industry and advocate for adequate state and federal funding for Maryland’s multimodal transportation system.

House Bill 74 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 HB 74 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, MTBMA 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.



3. Explicitly allow pass-through adjustments to subcontractors. The bill should clarify that equitable adjustments may flow through the contracting chain so that cost impacts are addressed at the level where they occur.

With these amendments, HB 74 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. MTBMA looks 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.

Thank you,

A handwritten signature in black ink, appearing to read "Michael Sakata", written over a thin horizontal line.

Michael Sakata  
President and CEO  
Maryland Transportation Builders and Materials Association