



February 27, 2026

RE: House Bill 997 – State Finance and Procurement – Prevailing Wage Rate – Calculation

POSITION: FAVORABLE

Dear Chair Wells, Vice Chair Kerr, and Members of the House Government, Labor, and Elections Committee:

On behalf of the Philadelphia/Baltimore/Washington Laborers' District Council ("PBWLDC"), an affiliate of the Laborers' International Union of North America (LiUNA), I respectfully submit this testimony in **strong support** of House Bill 997. The PBWLDC represents thousands of laborers and construction workers across Maryland who perform critical infrastructure work every day, including underground utility construction. We have a direct and substantial interest in ensuring that Maryland's prevailing wage laws are implemented fairly, accurately, and in a manner that reflects the realities of the construction labor market.

Background: The 2021 Prevailing Wage Expansion

During the 2021 Special Session, the General Assembly took an important step by expanding prevailing wage requirements to include the *contractors and subcontractors* performing underground gas and electric infrastructure work. LiUNA supported this expansion because it ensured that workers performing publicly impactful utility construction would be compensated at rates that reflect the actual prevailing conditions in the private-sector construction market. The legislative intent was clear: establish fair, market-based wage rates for the outside contractors who bid on and perform this work.

The Problem: A Flawed Survey Methodology

To implement the 2021 law, the Department of Labor initiated a Targeted Prevailing Wage Survey under §5-305 of the State Finance and Procurement Article. LiUNA has serious concerns with the methodology the Department has adopted. Specifically, the Department has expanded the survey to include the wage and benefit data of the utilities' **own internal, direct employees** in the calculation of prevailing wage rates intended for outside contractors.

This approach is fundamentally flawed. The direct employees of investor-owned utilities operate under compensation structures that are entirely distinct from those in the private construction contractor market. Utility employees are often subject to collective bargaining agreements, long-term retention packages, and benefits structures that do not correspond to the competitive conditions under which outside contractors bid, hire, and perform work. Mixing these two distinct data sets artificially distorts the resulting wage determination and produces a rate that does not reflect the actual prevailing practices in the construction market.

Impact on Workers, Contractors, and Ratepayers

The utility industry has already navigated the challenging process of adjusting to prior prevailing wage legislation, resulting in renegotiated contracts and increased costs that were absorbed in good faith. Imposing an additional, unwarranted disruption through a flawed survey methodology would undermine the stability that workers, contractors, and ratepayers depend on.

House Bill 997 Provides the Necessary Fix

House Bill 997 provides clear and necessary statutory guidance by explicitly prohibiting the Commissioner of Labor from using the wage data of direct utility employees to calculate prevailing wage rates for outside contractors. This is a straightforward correction that ensures the prevailing wage expansion enacted in 2021 is

implemented as the General Assembly originally intended—grounded in actual private-sector construction market data, not skewed by the inclusion of unrelated utility employee compensation.

LiUNA remains a committed champion of prevailing wage protections for Maryland's construction workforce. House Bill 997 strengthens those protections by ensuring the integrity and accuracy of the wage calculation process. For these reasons, the Philadelphia/Baltimore/Washington Laborers' District Council respectfully urges a **favorable report** on House Bill 997.

Respectfully submitted,

Philadelphia/Baltimore/Washington Laborers' District Council
Laborers' International Union of North America (LiUNA)