



HB 582
Procurement – Prevailing Wage - Applicability
Economic Matters Committee
Position: Oppose

Maryland AGC, the Maryland Chapter of the Associated General Contractors of America, provides professional education, business development, and advocacy for commercial construction companies and vendors, regardless of labor policy. AGC of America is the nation’s largest and oldest trade association for the construction industry. AGC of America represents more than 26,000 firms, including over 6,500 of America’s leading general contractors, and over 9,000 specialty-contracting firms through a nationwide network of chapters. Maryland AGC opposes HB 582 and respectfully requests the bill be given an unfavorable report.

HB 582 expands the applicability of Maryland's Prevailing Wage Law to include any private project that receives the slightest amount of State monies. It removes the limitation in current law that prevailing wage applies only to projects that receive 50% or more of funding through the State. The impact of this bill, were it to be enacted, will fall most heavily on two groups: (1) small not-for-profits that receive grants from the State, usually in very small amounts, and (2) small contractors, forcing them to raise prices and ensnaring them in the bureaucracy of reporting requirements that are required under Maryland’s Prevailing Wage law.

Small not-for-profits receive grants in very small amounts, frequently with a matching requirement, and rarely sufficient to carry out a project. Using the 2019 Session as an example, House of Delegates initiatives covered 63 projects totaling \$7,500,000, an average of just under \$120,00 per project and ranging from \$17,000 to the Laurel Advocacy Referral Services in Prince George’s County up to \$327,000 to the WIN Team Headquarters and Treatment Facility in Baltimore County. As stated in the Fiscal Note, mandating prevailing wage will increase costs, putting more pressure on these important but chronically underfunded organizations.

The other group that will be burdened are the small contractors that perform these small projects. Many of these are just beyond the “mom and pop” stage, and some are start-ups, glad to find work of a scale and scope they can perform. The burden on these firms goes beyond taking away their ability to price competitively. It imposes record-keeping and reporting requirements mandated under the Prevailing Wage Law on firms that have little or nothing in the way of office staff.

Accordingly, Maryland AGC opposes HB 582 and respectfully requests the bill be given an unfavorable report.

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