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**OFFICE OF THE ATTORNEY GENERAL**

FACSIMILE NO.

WRITER'S DIRECT DIAL NO.

March 9, 2020

To: The Honorable Dereck E. Davis  
Chair, House Economic Matters Committee

From: The Office of the Attorney General

Re: House Bill 1048 – Public Utilities – Investor Owned Utilities – Prevailing Wage –  
**SUPPORT**

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The Office of the Attorney General urges the favorable report of House Bill 1048. House Bill 1048 is narrowly tailored to ensure public construction projects are completed with a high-quality and skilled workforce, through the use of a prevailing wage rate. Establishing a wage floor for construction of this infrastructure is a logical extension of Maryland's current prevailing wage law, and this bill is sure to attract better talent in the construction industry.

House Bill 1048 applies to investor-owned gas companies, electric companies or combination gas and electric companies, and requires a contractor or subcontractor of these companies performing any construction, reconstruction, installation, demolition, restoration, or alteration of any underground gas or electric infrastructure of the company, to pay its employees not less than the prevailing wage determined by the Commissioner of Labor.

Under Maryland law, the State Commissioner of Labor and Industry is responsible for determining the prevailing wage rate. This rate is calculated by comparing the wage to ensure it is at minimum 50% of the wage that workers in a given locality who perform similar work are paid; if fewer than 50% of workers in a job category earn the same wage, the prevailing wage is the rate paid to at least 40% of those workers; if fewer than 40% receive the same wage rate, the prevailing wage is calculated using a weighted average of local pays.<sup>1</sup> Enforcing a prevailing wage rate will increase salaries for Maryland employees in the construction industry.

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<sup>1</sup> House Bill 1048, *Fiscal and Policy Note*, Department of Legislative Services,  
[http://mgaleg.maryland.gov/2020RS/fnotes/bil\\_0008/hb1048.pdf](http://mgaleg.maryland.gov/2020RS/fnotes/bil_0008/hb1048.pdf).

Research suggests that prevailing wage laws provide social benefits, lead to higher wages, increase workplace safety with fewer fatal and nonfatal injuries, elevate worker skills in the industry,<sup>2</sup> and increases worker productivity. In states that do not have, or have repealed prevailing wage laws, there is a shortage of workers, leading to costlier projects and a more unskilled workforce.<sup>3</sup> Additionally, contrary to the arguments against a prevailing wage law, studies have shown that a wage floor does not increase the cost of projects, rather it has been shown to decrease work interruptions and cost-overruns, saving time and money.<sup>4</sup>

For the reasons stated above, the Office of the Attorney General urges a favorable report of House Bill 1048.

cc: Members of the House Economic Matters Committee

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<sup>2</sup> Russell Ormiston, Dale Belman, & Matt Hinkel, *New York's prevailing wage law: A cost-benefit analysis*, Economic Policy Institute (Nov. 1, 2017), <https://www.epi.org/publication/new-yorks-prevailing-wage-law-a-cost-benefit-analysis/>.

<sup>3</sup> Jack Ramage, *Prevailing wages are important to workers, contractors and taxpayers*, Post-Gazette (Aug. 16, 2019), <https://www.post-gazette.com/opinion/letters/2019/08/16/Prevailing-wages-are-important-to-workers-contractors-and-taxpayers/stories/201908160043>.

<sup>4</sup> Zhi Li, et al., *The Effect of Prevailing Wage Law Repeals and Enactments on Injuries and Disabilities in the Construction Industry*, SAGE, <https://faircontracting.org/wp-content/uploads/2019/01/The-Effect-of-Prevailing-Wage-Law-Repeals-and-Enactments-on-Injuries-and-Disabilities-in-the-Construction-Industry-Jan-2019.pdf>.