



February 16, 2022

Senator Guy Guzzone, Chair  
Senate Budget and Taxation Committee  
3 West, Miller Senate Office Building  
Annapolis, Maryland 21401

**RE: SB 507 – FAVORABLE – Procurement – Construction Contracts – Contract Modification Clause**

Dear Chair Guzzone and Members of the Senate Budget and Taxation 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 200 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.

Senate Bill 507 requires all state procurement contracts for construction to include a clause providing for contract modification when there is a substantial increase in the price of materials required to complete the contract due to any one of several factors, including delayed notice of commencement by the procuring unit, acts or omissions by the procuring unit, changes in the work or sequencing of the work, the discovery of hazardous materials or other unknown conditions on the site, delays associated with pending disputes, and force majeure events. Under current law, our contractors and subcontractors take on great risks when entering into procurement contracts with the State for construction projects that often take years to complete—sometimes lasting through the volatility of one or more economic cycles. Material costs can fluctuate greatly over this time, so when companies are forced to estimate these expenditures up front just to even bid on the procurement, any significant change to material costs could place our member businesses in great financial risk with no recourse. Senate Bill 507 provides just that recourse by allowing the contract to be modified under those circumstances. By offering this opportunity to our contractors and subcontractors, we are better able to support our State’s countless construction and transportation projects that are essential to our entire infrastructure network.

We appreciate you taking the time to address this important issue and we respectfully urge a favorable report on Senate Bill 507.

Thank you,

A handwritten signature in blue ink, appearing to read "Michael Sakata", is written over a large, stylized blue scribble that extends across the page.

Michael Sakata  
President and CEO  
Maryland Transportation Builders and Materials Association