



Maryland Chapter
National Electrical Contractors Association



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Dear Chair Kelley and members of the Senate Finance Committee:

On behalf of the Maryland Chapter of the National Electrical Contractors Association (NECA), I write today to express our strong support for Senate Bill 259, expanding prevailing wages to mechanical systems service contracts.

Maryland NECA represents 75 construction contractors, some 2,000 workers and over 400 working apprentices. Our economic footprint throughout the region is substantial, generating some \$300 million in annual revenue, and some \$50 million in state, federal and local taxes each and every year.

We support Senate Bill 259 because we know that prevailing wages, and Davis Bacon wages on the federal level, yield better outcomes, more timely deadlines, and far fewer workplace injuries. In fact, we are pleased to see that Baltimore County and Anne Arundel County have all recently enacted local prevailing wage laws, while Montgomery County enacted legislation to expand their prevailing wage law to include mechanical systems service contracts, just like Senate Bill 259, only days ago.

Senate Bill 259 is critical for our members and contractors who perform both construction and service work. Currently, state prevailing wage law does not distinguish between construction work and service work, including the service work performed on those systems installed during the construction. This has created a two-tiered wage system in Maryland procurement: one for construction projects subject to prevailing wage, and one for service work subject to the state's barely livable, "living wage." In fact, there is a great deal of confusion in the Maryland code as to whether service contracts are even subject to the living wage, as opposed to prevailing wages. Senate Bill 259 resolves this confusion, and does so by narrowly addressing only mechanical systems service contracts, since those systems are closely related to the construction that enabled those systems.

In addition, Senate Bill 259 recognizes the relatively small size of mechanical systems service contracts (generally \$3,000-\$5,000) compared with construction contracts (more than \$250,000), and appropriately aligns the state prevailing wage law to the federal McNamara-O'Hara Service Contract Act of 1965 which governs very small service contracts on the federal level; one of many reasons why Montgomery County recently implemented their new prevailing wage law for mechanical service contracts, as well as similar legislation pending before several other Maryland counties.

For these reasons, Maryland NECA supports Senate Bill 259 and asks for a favorable report.

Sincerely,

William Yull
Executive Director
Maryland Chapter, NECA