



February 8, 2022

TESTIMONY OF JOE ROETERING, PRESIDENT & CEO  
HAVTECH SERVICE DIVISION, LLC

SB259, EXPANDING PREVAILING WAGES TO MECHANICAL SERVICE CONTRACTS

Dear Members of the Senate Finance Committee:

I appreciate your consideration of my testimony in support of SB259, legislation to expand prevailing wages to mechanical systems service contracts. As an owner of a contracting business in Maryland, this legislation is important to the Maryland residents employed by Havtech and necessary to eliminate any confusion as to whether service contracts are subject to prevailing wages. Havtech is a repair and maintenance provider for HVAC systems in commercial buildings and this legislation will have a significant impact in keeping our skilled workforce employed in Maryland.

Much of our service work is performed through small contracts that average \$3,000-\$5,000 per contract, making this considerably lower than the current prevailing wage threshold for construction at \$250,000. SB259 identifies the size and scope of service work for mechanical service contracts and builds on federal government's McNamara-O'Hara Service Contract Act of 1965. This legislation is also similar to local legislation pending in the Maryland counties of Anne Arundel, Baltimore City, Baltimore County, Charles, Montgomery, and Prince Georges.

It is important to note, as detailed in a policy brief by national construction policy expert, attorney Gerard M. Waites of O'Donoghue & O'Donoghue LLP, over 30 studies on prevailing wages substantially indicate that prevailing wage programs provide a significant number of benefits to the community as well as the individual worker. By expanding the prevailing wages, it will stabilize wage rates, increase productivity on jobsite safety, increase local skills training programs, and provide necessary stimulus in the form of local tax revenues. One misconception is that this will increase overall construction project costs, when it will do the opposite because more skillful and safety conscious workers result in higher productivity.

The State Department of Labor, Licensing and Regulation compiled data between 2012 and 2013 that was reviewed by The Senate Taskforce on Prevailing Wage in Maryland, which discovered that 76.34% of all jobs created by prevailing wage contracts went directly to Maryland workers. This information reinforces the idea that SB259 is a tool that creates more local jobs and motivates workforce training for Maryland residents. It is important that this committee acts now to expand the scope of prevailing wages to mechanical systems service contracts. This legislation is timely and powerful to ensure local hiring and drive economic growth in Maryland when it is needed most.

Meeting the increasing demands of sustainable buildings and remain competitive in the market requires us to invest in the growth and development of our current and future workforce. The industry needs to attract the best, high performing, skilled talent into mechanical trades. This legislation will allow for better wages which will result in the best talent to transform buildings and our communities to become environmentally responsible. Attracting more talented young people to the trades will help us keep buildings like Hospitals, Schools and Government Offices operating efficiently, comfortably, and safely.

Thank you for the opportunity to provide my testimony in support of legislation to expand prevailing wages to mechanical systems service contracts and I respectfully ask for your support of SB259, and a favorable report.

Respectfully,

Joe Roetering  
President & CEO