



Senate Bill 259

Procurement – Prevailing Wage – Applicability

MACo Position: **OPPOSE**

To: Finance Committee

Date: February 10, 2022

From: Brianna January

The Maryland Association of Counties (MACo) **OPPOSES** SB 259. This bill would usurp local authority over typical facilities maintenance management and would prove extremely costly for counties by extending the application of the State’s prevailing wage law to also cover all mechanical system service contracts on capital projects that were performed under the prevailing wage.

SB 259 would prescribe a uniform, one-size-fits-all approach to county facility management and contract procurement, not taking into consideration regional differences, including local markets and costs of business. Counties, as the owner and operator of public facilities, already implement complex operational and fiscal systems to deal with facility maintenance, uniquely tailored to the needs of each jurisdiction. SB 259 would apply a blanket approach to certain facility maintenance procurement, disregarding the effective and locally appropriate systems already in place.

Additionally, SB 259 would be extremely costly for counties. Under current law, counties pay the statewide prevailing wage on capital projects where the State pays at least 25% of project, without adjusting for regional cost of living differences where actual market costs are far less. This captures virtually most school construction projects and many other capital projects where the State partners with counties – a significant share of county projects.

SB 259 would extend counties’ prevailing wage obligations to include all mechanical system service contracts on these facilities for their full lifespan. This means that every county would be obligated to pay the prevailing wage, regardless of market cost realities, for every repair, replacement, or servicing of every mechanical system in these county facilities, such as HVAC and electrical systems. This would quickly become a significant financial burden for counties as they procure regular maintenance work, diverting critical resources at a time when local governments should prioritize public safety and health. Furthermore, counties already have the option to pay the prevailing wage for these contracts, and some choose to do so – they should continue to have authority over such issues to best address the needs of their unique jurisdictions.

SB 259 would inappropriately mandate a uniform procurement policy for all counties and would significantly increase typical maintenance costs for a fair number of county facilities, including almost all public schools. For these reasons, MACo **OPPOSES** SB 259 and urges an **UNFAVORABLE** report.