



THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

HB 61- UTILITY CONTRACTORS- EMPLOYMENT AND LICENSURE- REQUIREMENTS
AND APPLICATION

TESTIMONY OF DELEGATE LORIG CHARKOUDIAN

FEBRUARY 16, 2023

Chair Wilson, Vice Chair Crosby, and Members of the Economic Matters Committee,

The distribution grid delivers energy from generation sources to homes, industry, and other end users. It is made up of lines, poles, transformers, circuits, substations, underground and overhead power lines, and more. How the distribution grid is planned and maintained determines how reliable and resilient our energy system is and whether we can reach our clean energy and greenhouse gas reduction goals.

Last year the MGA passed the Climate Solutions Now Act. This legislation set the stage for historic investments in our electricity distribution grid- in order to meet these ambitious climate goals. Because of the clean energy transition and projected increases in electrification of buildings and the transportation sector, there will be lots of work on the electric grid over the next several decades.

Electric lineworkers will be the ones implementing these crucial improvements, updates, and maintenance projects. This bill will ensure that as we make the necessary investments in the grid, we are also investing in individuals, families, and communities.

This bill supports family sustaining jobs by requiring all electric distribution grid projects- both underground and overhead-

- a) offer the area prevailing wage
- b) offer healthcare and retirement benefits
- c) participate in apprenticeship programs registered with the state or U.S. Department of Labor
- d) develop a plan to recruit and retain state residents, including returning citizens, minority individuals, women, and veterans
- e) have been in compliance with federal, state, and local wage and hour laws for the previous 3 years

The prevailing wage rate is defined as the average wage paid to similarly employed workers in the same type of employment- the wages that workers typically receive in that area. In 2021, we passed HB 174, which required all investor owned utilities to pay prevailing wages for

underground utility work (gas and electric). This bill will establish parity so that work done on all utilities will be done by contractors paying prevailing wages.

Requiring prevailing wages has a number of benefits:

- It reduces stress on families and decreases government spending on social safety-net services.¹
- It discourages contractors from misclassifying workers as independent contractors.
- It has a local multiplier effect supporting the worker's families, the local economy, and the state and local tax revenue.²
- It reduces occupational injuries and fatalities; lowers future maintenance and repair costs; and increases the pool of skilled workers.³

When we see a trend coming in our economy, we have a chance to set policy to harness that trend to meet our goals of healthy local economies, worker and community safety, and workforce development. This legislation uses the historic clean energy transition and utilizes its associated investments in order to build a stronger Maryland.

I respectfully request a favorable report on HB 61.

¹ Waites, G.M. (2017). *Prevailing Wage Law White Paper Review of Public Policy Research* [White Paper]. O'Donoghue & O'Donoghue, LLP.

http://mediad.publicbroadcasting.net/p/mpbn/files/201810/pw_white_paper-2017.pdf

page 11

² Belman, D. & Voos, P. (1995). *Prevailing Wage Laws in Construction: The Costs of Repeal to Wisconsin*. *The Institute for Wisconsin's*

Future. https://www.researchgate.net/publication/237540504_Prevailing_Wage_Laws_in_Construction_The_Costs_of_Repeal_to_Wisconsin

³ Mahalia, Nooshin. "Prevailing wages and government contracting costs: A review of the research." 3 July 2008.

<https://www.epi.org/publication/bp215/>