



February 15, 2024

The Honorable Pamela Beidle, Chair
Senate Finance Committee
Miller Senate Office Building, 3 East
11 Bladen Street
Annapolis, MD 21401

Re: Senate Bill 583 – Letter of Support w/ Amendments

Good Afternoon, Chair Beidle, Vice Chair Klausmeier, and Members of the Committee:

My name is Christian Johansson, and I am Chairman of Stella May Contracting, Inc. (Stella May). As an underground and overhead utility Minority Business Enterprise (MBE) contractor, Stella May supports the prevailing wage movement in our industry. We do, however, have concerns that we ask this committee address in drafting legislative language for this worthy goal. In addition to my oral testimony, we have submitted a letter to Governor Moore about the challenges MBEs like Stella May are facing with the implementation of HB 513 which requires a prevailing wage be paid for underground utility construction. Although we are trying to resolve these implementation issues directly with the Moore Administration, there is limited time available between now and the March 1st, 2024 deadline pending before full implementation of the law. Given the work already underway on SB 583, there is an opportunity to not only implement best practice in prevailing wages for above-ground utility construction, but also offer language to improve the implementation process for HB 513. Specifically, we ask that SB 583 legislation include language which considers the following:

1. Requires DOL to complete a comprehensive survey process for both and above ground utility construction to get accurate prevailing wages for our industry including all relevant skilled positions prior to the law taking effect. We also request that the industry, especially MBEs, be included in the survey process and allowed to provide feedback prior to rates being finalized. The survey process needs to be fully completed by DOL prior to the law going into effect. Without this is impossible to accurately bid work and to frankly comply with the law.
2. Most importantly, clarify the legislative language that existing contracts for underground and above ground utility construction prior to a certain date are grandfathered and not subject to HB 513 or SB 583. This date must be after the prevailing wage surveys are completed and the wages set. Without this, small and minority companies are at risk of financial ruin. Companies like ours could be required to complete existing contracts now, possibly requiring higher wages, without a clear DOL endorsed mechanism to pass on these increased costs to our customers.

Respectfully,

Christian Johansson
Chairman