



House Bill 1098

Procurement – Prevailing Wage - Applicability

MACo Position: **OPPOSE**

To: Finance Committee

Date: April 2, 2013

From: Andrea Mansfield

The Maryland Association of Counties (MACo) **OPPOSES** HB 1098. This bill would impose prevailing wage requirements on local public works projects, increasing project costs and affecting the number of projects budgeted each year.

Currently, State prevailing wage laws apply only if at least 50% of the project costs are State-supported. HB 1098 originally would have lowered this threshold to 25%. But as amended by the House, the bill would now require prevailing wage rates to be paid for a local project receiving any amount of State funds. This could be as low as \$100.

This “one size fits all” approach would significantly undermine a local government’s ability to fund and manage its capital budget, especially those smaller in size and in more rural areas of the state. Local governments receive State support in varying amounts for a number of public works projects, including school construction, transportation, jails, and recreation facilities. The bill’s fiscal note forecasts a project cost increase, and local comparisons of school construction project bids in Howard and Washington Counties show even more substantial cost increases. Imposing a State-mandated cost increase on primarily locally funded projects reduces their affordability, and means fewer such projects can be supported.

Most local governments do not have the same overall presence in the marketplace to effect competitive wages, and with the weak economy and State cost shifts of recent years, many have significantly reduced their capital budgets. Placing new, overly broad prevailing wage mandates on local governments would further limit the number of projects funded each year by increasing projects and limiting local flexibility.

For these reasons, MACo recommends the Committee issue an **UNFAVORABLE** report on HB 1098.