gbc POSITION STATEMENT

TESTIMONY PRESENTED TO THE HOUSE ECONOMIC MATTERS COMMITTEE

HOUSE BILL 1410 -- LABOR AND EMPLOYMENT – SECURE MARYLAND WAGE ACT

February 6, 2020

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GREATER BALTIMORE COMMITTEE

Position: Oppose

House Bill 1410 would supersede the Maryland Living Wage law by imposing a minimum wage that is based upon the Federal McNamara-O'Hara Service Contract Act for certain nonexempt employees working at areas designated as heightened security locations. The bill defines heightened security locations as the Baltimore-Washington Thurgood Marshall International Airport (BWI), Pennsylvania Station in Baltimore, and the Port of Baltimore. The bill provides that, beginning January 1, 2021, any nonexempt employee who works at least 50 percent of a work week at a designated heightened security location must be paid a wage that is no less than the rate of a Guard I Classification of the Federal McNamara-O'Hara Service Contract Act for the prior year in the County in which the work is performed.

House Bill 1410 would also cancel any existing labor contracts that do not comply with the new wage rates.

The McNamara-O'Hara Service Contract Act requires contractors and subcontractors performing services on prime contracts in excess of $2,500 to pay service employees in various classes no less than the wage rates and fringe benefits found prevailing in the locality, or the rates contained in a predecessor contractor's collective bargaining agreement. This practice is commonly referred to as a prevailing wage requirement.

Under current Maryland law, prevailing wage requirements apply to public projects exceeding $500,000 that meet one of the following criteria: (1) the State or an instrumentality of the State is the contracting body and there is any State funding for the project; (2) a political subdivision is the contracting body and 50 percent or more of the money used for the construction is State money; or (3) a political subdivision is the contracting body for the construction of an elementary or secondary school and 25 percent or more of the money used is State money.

House Bill 1410 would expand prevailing wage requirements significantly by imposing these requirements based on the geographic location of employment for all covered employees regardless of the funding source or type of work performed at the location. Enactment of House Bill 1410 would also set a meaningful and potentially damaging precedent by canceling employment contracts negotiated through collective bargaining procedures and for imposing prevailing wage requirements on employers outside of the parameters established by current federal and state statutes.

These actions would signal that the business climate in Maryland is both costly and unpredictable.

The Greater Baltimore Committee (GBC) contends that the enactment of House Bill 1410 would harm the State's economic vitality and competitiveness by rapidly and drastically increasing operational costs at

Baltimore Penn Station, BWI Airport, and the Port of Baltimore. Absent the enaction of similar legislation in neighboring jurisdictions, the cost of doing business at BWI Airport and the Port of Baltimore would be considerably higher than their regional competitors and could drive business out of Maryland to other jurisdictions.

In the GBC's report, *Gaining a Competitive Edge: Keys to Economic Growth and Job Creation in Maryland*, two of the eight core pillars of a competitive business environment cited by the State's economic development professionals and top business leaders are:

> **Government leadership that treats business as a partner rather than an adversary**. Maryland leaders must set a welcoming tone that communicates positive support for business, respect for the private sector as a partner, not an adversary, and reflects a strategic plan for business growth and job creation.
>
> **Competitive costs of doing business.** Public policies must reflect a government predisposition to nurture business growth and to avoid arbitrarily or disproportionately imposing additional overhead upon the business sector.

Passage of this legislation would be inconsistent with both of these pillars of economic growth and job creation.

The efficient movement of goods and people throughout the State of Maryland is paramount to maintaining the State's economic competiveness. The Port of Baltimore is linked to nearly 130,000 jobs across the State of Maryland and transports more than $50 billion in goods per year. As the busiest airport in the region, BWI supports 106,000 jobs and generates $9.3 billion in total economic impact each year. Baltimore Penn Station is a major, multimodal transportation hub that serves more than one million passengers each year and connects the Greater Baltimore area to the Northeast Corridor.

If enacted, House Bill 1410 would have damaging implications on the market competitiveness and success of these economic drivers for the State of Maryland.

For these reasons, the Greater Baltimore Committee urges an unfavorable report on House Bill 1410.

The Greater Baltimore Committee (GBC) is a non-partisan, independent, regional business advocacy organization comprised of hundreds of businesses -- large, medium and small -- educational institutions, nonprofit organizations and foundations located in Anne Arundel, Baltimore, Carroll, Harford, and Howard counties as well as Baltimore City. The GBC is a 65-year-old, private-sector membership organization with a rich legacy of working with government to find solutions to problems that negatively affect our competitiveness and viability.