



BILL NO.: House Bill 1317
TITLE: Public Investment Protection Act
POSITION: **OPPOSE**
DATE: March 18, 2010
COMMITTEE: Economic Matters
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The Maryland Association of Counties (MACo) **OPPOSES** House Bill 1317. This bill has far-reaching policy and fiscal implications for local governments. Further, it imposes an unfunded mandate on local government during an especially difficult time.

In essence, HB 1317 would require employers that receive as little as \$250,000 in State economic development subsidies to pay employees in a broad range of employment areas (construction, building, food, grocery, and hotel) the higher of a federal prevailing wage, State prevailing wage, or 130% of the minimum wage, plus supplemental payments for fringe benefits. Employers would also be required to enter into collective bargaining agreements with labor unions representing those employment areas and the agreements would prohibit unions from organizing job actions against an employer. Lastly, employers who use construction workers would be required to use labor union hiring halls.

Some local governments already have collective bargaining for certain employee classifications. However, HB 1317 would extend employers to include local governments, by definition. The bill provisions would then apply to local government construction projects and employees in the named employment areas. These provisions could result in significant cost increases for local government.

Local governments receive State economic development subsidies in the form of grants for operational expenses, funds that are distributed for redevelopment projects, and funds for capital projects. If operational expense funds are used for local employee salary and benefits in the specified service areas, salaries would then be subject to prevailing wage requirements and collective bargaining. This may result in increased wages and benefits for some employee classifications, while not for others.

Other funds received by local governments are to be distributed to entities in the form of grants for redevelopment projects. If the grant awarded exceeded \$250,000, HB 1317 provisions would apply, effectively increasing project costs. These costs would likely be passed onto the local government that funds the project, affecting the number of projects that could be awarded.

Lastly, HB 1317 could significantly increase capital project costs for local government. Any capital project bidder paid with at least \$250,000 in State funds would be subject to the requirements of HB 1317. This would increase employee wages, require the employer to enter into collective bargaining agreements, and employ construction workers through a labor union hiring hall. Again, more costs would be passed on to the local government, increasing capital project costs.

Local governments cannot afford to take on more expense during these difficult economic times. This fiscal year alone, 20 counties eliminated 1,700 positions, 14 counties laid-off 400 employees, and 10 counties enacted furloughs or salary reductions. Current fiscal year reductions will be carried through at least two more fiscal years and a further decline in property tax revenues is anticipated.

HB 1317 presents an unfunded mandate on local government with far reaching implications. For these reasons, MACo **OPPOSES** HB 1317 and respectfully requests an **UNFAVORABLE REPORT**.