

HOUSE BILL 997

P2, C5

6lr3170
CF SB 675

By: **Delegate Valderrama**

Introduced and read first time: February 6, 2026

Assigned to: Government, Labor, and Elections

A BILL ENTITLED

1 AN ACT concerning

2 **State Finance and Procurement – Prevailing Wage Rate – Calculation**

3 FOR the purpose of modifying the method by which the Commissioner of Labor and
4 Industry determines a prevailing wage rate; requiring the Commissioner to vacate a
5 certain prevailing wage rate under certain circumstances; and generally relating to
6 prevailing wages.

7 BY repealing and reenacting, without amendments,
8 Article – Public Utilities
9 Section 1–101(a) and (p–1)
10 Annotated Code of Maryland
11 (2025 Replacement Volume and 2025 Supplement)

12 BY adding to
13 Article – Public Utilities
14 Section 1–101(p–2)
15 Annotated Code of Maryland
16 (2025 Replacement Volume and 2025 Supplement)

17 BY repealing and reenacting, without amendments,
18 Article – State Finance and Procurement
19 Section 17–201(c) and (i)
20 Annotated Code of Maryland
21 (2021 Replacement Volume and 2025 Supplement)

22 BY repealing and reenacting, with amendments,
23 Article – State Finance and Procurement
24 Section 17–208
25 Annotated Code of Maryland
26 (2021 Replacement Volume and 2025 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
2 That the Laws of Maryland read as follows:

3 **Article – Public Utilities**

4 1–101.

5 (a) In this division the following words have the meanings indicated.

6 (p–1) “Investor–owned electric company” means an electric company that is not a
7 municipal electric utility or an electric cooperative.

8 **(P–2) “INVESTOR–OWNED GAS COMPANY” MEANS A GAS COMPANY THAT IS**
9 **NOT A MUNICIPAL GAS UTILITY OR A GAS COOPERATIVE.**

10 **Article – State Finance and Procurement**

11 17–201.

12 (c) “Commissioner” means:

13 (1) the Commissioner of Labor and Industry;

14 (2) the Deputy Commissioner of Labor and Industry; or

15 (3) an authorized representative of the Commissioner.

16 (i) “Prevailing wage rate” means the hourly rate of wages paid in the locality as
17 determined by the Commissioner under § 17–208 of this subtitle.

18 17–208.

19 (a) (1) For each public work to which this subtitle applies, the Commissioner
20 shall determine the prevailing wage rate for each classification of worker engaged in work
21 of the same or a similar character.

22 (2) The Commissioner shall determine the prevailing wage rates for both
23 straight time and overtime.

24 (3) These determinations shall be made in accordance with:

25 (i) the applicable provisions of Title 10, Subtitles 1 through 3 of the
26 State Government Article; and

27 (ii) to the extent not inconsistent with those provisions, the
28 requirements of this section.

1 **(4) IN DETERMINING A PREVAILING WAGE RATE UNDER THIS**
2 **SUBSECTION, THE COMMISSIONER MAY NOT SURVEY OR USE WAGE DATA OF**
3 **EMPLOYEES DIRECTLY EMPLOYED BY:**

4 **(I) AN INVESTOR-OWNED GAS COMPANY, AS DEFINED UNDER §**
5 **1-101 OF THE PUBLIC UTILITIES ARTICLE;**

6 **(II) AN INVESTOR-OWNED ELECTRIC COMPANY, AS DEFINED**
7 **UNDER § 1-101 OF THE PUBLIC UTILITIES ARTICLE; OR**

8 **(III) A COMBINATION INVESTOR-OWNED GAS AND ELECTRIC**
9 **COMPANY.**

10 **(5) ON RECEIPT OF A PETITION FOR REVIEW OF A DETERMINATION**
11 **OF A PREVAILING WAGE RATE IN ACCORDANCE WITH § 17-211 OF THIS SUBTITLE**
12 **FOR A PREVAILING WAGE RATE DETERMINED USING WAGE DATA PROHIBITED**
13 **UNDER PARAGRAPH (4) OF THIS SUBSECTION, THE COMMISSIONER SHALL:**

14 **(I) VACATE THE PREVAILING WAGE RATE; AND**

15 **(II) RECALCULATE THE PREVAILING WAGE RATE AS REQUIRED**
16 **UNDER THIS SUBSECTION.**

17 (b) (1) Except as provided in subsection (c) of this section, the prevailing wage
18 rate for straight time for a worker is the rate paid:

19 (i) in the locality;

20 (ii) on projects similar to the proposed public work;

21 (iii) for work of the same or a similar character as that to be
22 performed on the public work; and

23 (iv) to 50% or more of the workers in the worker's occupational
24 classification.

25 (2) The prevailing wage rate for overtime for a worker shall be at least time
26 and a half the prevailing wage rate for straight time for that worker.

27 (c) (1) If fewer than 50% of the workers in the locality working in the same
28 classification receive the same wage rate:

29 (i) the prevailing wage rate shall be the rate paid to at least 40% of
30 those workers; or

1 (ii) if fewer than 40% receive the same wage rate, the rate shall be a
2 weighted average rate obtained by:

3 1. adding the products obtained by multiplying each hourly
4 rate paid to workers in the classification by the number of workers receiving that rate; and

5 2. dividing that sum by the total number of workers in the
6 classification.

7 (2) If the Commissioner determines that there is not a substantial number
8 of competent workers engaged in similar work in the locality, the Commissioner shall
9 determine the prevailing wage rate based on the nearest locality within the State that most
10 closely approximates that locality in:

11 (i) population;

12 (ii) degree of industrialization; and

13 (iii) skill of work force.

14 (d) The calculation of the rate paid in the locality shall include the basic hourly
15 rate of pay and either:

16 (1) if a contractor is not required by law to provide fringe benefits, the
17 hourly rate of contribution irrevocably made by a contractor or subcontractor to a third
18 person under a fund, plan, or program that provides:

19 (i) medical, surgical, or hospital care;

20 (ii) retirement, disability, or death benefits, including a profit
21 sharing plan that provides benefits on retirement;

22 (iii) unemployment, life, or accident insurance or compensation;

23 (iv) insurance or compensation for injury or illness resulting from
24 occupational activity;

25 (v) vacation and holiday pay;

26 (vi) subsidies to defray costs of apprenticeship or other similar
27 programs; or

28 (vii) other bona fide fringe benefits; or

29 (2) the hourly rate of costs to the contractor or subcontractor that
30 reasonably may be anticipated in providing the fringe benefits specified in item (1) of this
31 subsection under an enforceable commitment to carry out a financially responsible plan or

1 program that is communicated in writing to the workers.

2 (e) An apprentice under a public work contract shall be paid at least the
3 percentage, set by the Council, of the prevailing wage rate for a mechanic in the trade in
4 which the apprentice is employed.

5 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
6 1, 2026.