

# SENATE BILL 699

B5, K3, P2  
SB 457/16 – FIN & B&T

7lr3027  
CF HB 467

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By: **Senators Rosapepe, Benson, Madaleno, Manno, Ramirez, and Zucker**

Introduced and read first time: February 3, 2017

Assigned to: Finance and Budget and Taxation

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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 27, 2017

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Providing Our Workers Education and Readiness (POWER) – Apprenticeship**  
3 **Act**

4 FOR the purpose of requiring a contractor or subcontractor awarded a certain contract for  
5 a certain construction project that receives certain funding from the State capital  
6 budget to be affiliated with, and to use apprentices from, an apprenticeship program  
7 that is registered with and approved by the Department of Labor, Licensing, and  
8 Regulation or the United States Department of Labor, or requiring the contractor or  
9 subcontractor to make certain payments to the State Apprenticeship Training Fund  
10 or to certain apprenticeship programs under certain circumstances; providing that,  
11 under a certain circumstance, certain contractors and subcontractors are not subject  
12 to the requirement; requiring certain contractors and subcontractors to make certain  
13 payments in a certain manner under certain circumstances; authorizing a contractor  
14 or subcontractor to make a certain request; requiring the Secretary of Labor,  
15 Licensing, and Regulation to make a good-faith effort to accommodate a certain  
16 request; requiring registered apprenticeship programs that receive certain funds to  
17 certify to the Secretary that the funds are used solely for the purpose of improving  
18 or expanding apprenticeship training; authorizing the State Apprenticeship  
19 Training Fund to include certain payments made in accordance with this Act;  
20 requiring the Secretary to use the money in the Fund to pay certain costs; requiring  
21 the Secretary to adopt certain regulations; ~~establishing a certain penalty;~~ providing  
22 that a certain contractor or subcontractor that fails to meet certain requirements  
23 shall be liable for a certain amount; establishing a certain penalty; authorizing the  
24 Secretary to file suit to enforce certain provisions in a certain court; requiring a  
25 certain court to require a certain contractor or subcontractor to pay certain amounts;

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



defining certain terms; providing for the application of this Act; and generally relating to a requirement that certain contractors and subcontractors awarded certain contracts be affiliated with certain apprenticeship programs and use certain registered apprentices or make certain payments to the State Apprenticeship Training Fund or to certain apprenticeship programs.

BY repealing and reenacting, with amendments,  
Article – State Finance and Procurement  
Section 17–602  
Annotated Code of Maryland  
(2015 Replacement Volume and 2016 Supplement)

BY adding to  
Article – State Finance and Procurement  
Section 17–6A–01 through ~~17–6A–05~~ 17–6A–06 to be under the new subtitle  
“Subtitle 6A. Apprenticeship Requirements for Capital Construction Projects”  
Annotated Code of Maryland  
(2015 Replacement Volume and 2016 Supplement)

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

**Article – State Finance and Procurement**

17–602.

(a) There is a State Apprenticeship Training Fund in the Department.

(b) The Fund consists of:

(1) payments made by contractors or subcontractors in accordance with this subtitle **AND SUBTITLE 6A OF THIS TITLE**; and

(2) penalties collected as a result of violations of this subtitle **AND SUBTITLE 6A OF THIS TITLE**.

(c) The Fund is a special, nonlapsing fund that is not subject to § 7–302 of this article.

(d) The State Treasurer shall hold the Fund separately, and the Comptroller shall account for the Fund.

(e) The Secretary shall use money in the Fund to:

(1) promote preapprenticeship programs and other workforce development programs in the State’s public secondary schools and community colleges that assist students in preparing for and entering apprenticeship training programs; and

(2) pay any costs associated with carrying out the provisions of this subtitle  
AND SUBTITLE 6A OF THIS TITLE.

**SUBTITLE 6A. APPRENTICESHIP REQUIREMENTS FOR CAPITAL CONSTRUCTION  
PROJECTS.**

**17-6A-01.**

(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS  
INDICATED.

(B) "CONSTRUCTION" INCLUDES:

(1) BUILDING;

(2) RECONSTRUCTING;

(3) IMPROVING;

(4) ENLARGING;

(5) PAINTING AND DECORATING;

(6) ALTERING;

(7) MAINTAINING; AND

(8) REPAIRING.

(C) (1) "COVERED CONTRACT" MEANS A CONTRACT:

(I) FOR A CAPITAL CONSTRUCTION PROJECT FUNDED WITH AT  
LEAST \$1,000,000 OF FUNDS IN THE STATE CAPITAL BUDGET;

(II) ENTERED INTO BY THE RECIPIENT OF THE FUNDING IN THE  
STATE CAPITAL BUDGET AND A CONTRACTOR, OR THE CONTRACTOR AND A  
SUBCONTRACTOR; AND

(III) FOR AN AMOUNT OF \$500,000 OR MORE.

(2) "COVERED CONTRACT" DOES NOT INCLUDE A CONTRACT FOR A  
COVERED PROJECT AS DEFINED IN § 17-601(D) OF THIS TITLE.

(D) "DEPARTMENT" MEANS THE DEPARTMENT OF LABOR, LICENSING, AND REGULATION.

(E) "FUND" MEANS THE STATE APPRENTICESHIP TRAINING FUND ESTABLISHED UNDER § 17-602 OF THIS TITLE.

(F) "REGISTERED APPRENTICESHIP PROGRAM" MEANS AN APPRENTICESHIP PROGRAM THAT IS REGISTERED WITH, AND APPROVED BY, THE DEPARTMENT OR THE UNITED STATES DEPARTMENT OF LABOR.

(G) "SECRETARY" MEANS THE SECRETARY OF LABOR, LICENSING, AND REGULATION.

17-6A-02.

(A) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, EACH CONTRACTOR OR SUBCONTRACTOR AWARDED A COVERED CONTRACT SHALL:

(1) (I) BE AFFILIATED WITH A REGISTERED APPRENTICESHIP PROGRAM; AND

(II) USE APPRENTICES FROM A REGISTERED APPRENTICESHIP PROGRAM FOR EACH CRAFT OR TRADE IN WHICH THE CONTRACTOR OR SUBCONTRACTOR EMPLOYS PERSONS TO COMPLETE THE COVERED CONTRACT;

(2) MAKE PAYMENTS TO THE FUND; OR

(3) MAKE PAYMENTS IN AMOUNTS DETERMINED UNDER § 17-6A-03 OF THIS SUBTITLE TO A REGISTERED APPRENTICESHIP PROGRAM FOR THE PURPOSE OF SUPPORTING THE PROGRAM.

(B) A CONTRACTOR OR SUBCONTRACTOR IS NOT SUBJECT TO THE REQUIREMENTS OF SUBSECTION (A) OF THIS SECTION IF THERE ARE NO REGISTERED APPRENTICESHIP PROGRAMS FOR THE CRAFT OR TRADE IN WHICH THE CONTRACTOR OR SUBCONTRACTOR EMPLOYS PERSONS TO COMPLETE THE COVERED CONTRACT.

17-6A-03.

(A) (1) A CONTRACTOR OR SUBCONTRACTOR THAT ELECTS TO MAKE PAYMENTS TO THE FUND IN ACCORDANCE WITH THIS SUBTITLE SHALL MAKE PAYMENTS, AS DETERMINED BY THE SECRETARY, NOT TO EXCEED 25 CENTS PER HOUR FOR EACH EMPLOYEE WHO IS EMPLOYED BY THE CONTRACTOR OR SUBCONTRACTOR TO COMPLETE THE COVERED CONTRACT.

1           (2) PAYMENTS MADE TO THE FUND IN ACCORDANCE WITH THIS  
2 SUBSECTION SHALL BE MADE ON A MONTHLY BASIS.

3           (B) (1) IF THE SECRETARY DETERMINES THAT A CONTRACTOR OR  
4 SUBCONTRACTOR AWARDED A COVERED CONTRACT HAS MADE CONTRIBUTIONS TO  
5 A REGISTERED APPRENTICESHIP PROGRAM AT RATES LOWER THAN THOSE  
6 REQUIRED BY THIS SUBTITLE, THE CONTRACTOR OR SUBCONTRACTOR SHALL MAKE  
7 PAYMENTS TO THE FUND FOR THE DIFFERENCE BETWEEN ITS CONTRIBUTION AND  
8 THE CONTRIBUTION RATE REQUIRED BY THIS SUBTITLE.

9           (2) PAYMENTS MADE TO THE FUND IN ACCORDANCE WITH THIS  
10 SUBSECTION SHALL BE MADE ON A MONTHLY BASIS.

11 **17-6A-04.**

12           (A) (1) A CONTRACTOR OR SUBCONTRACTOR THAT MAKES  
13 CONTRIBUTIONS TO THE FUND OR A REGISTERED APPRENTICESHIP PROGRAM MAY  
14 REQUEST THAT THE CONTRIBUTIONS OF THE CONTRACTOR OR SUBCONTRACTOR BE  
15 DIRECTED TO A SPECIFIC PREAPPRENTICESHIP OR WORKFORCE DEVELOPMENT  
16 PROGRAM.

17           (2) THE SECRETARY SHALL MAKE A GOOD-FAITH EFFORT TO  
18 ACCOMMODATE REQUESTS RECEIVED IN ACCORDANCE WITH PARAGRAPH (1) OF  
19 THIS SUBSECTION.

20           (B) A REGISTERED APPRENTICESHIP PROGRAM THAT RECEIVES FUNDS  
21 FROM CONTRACTORS OR SUBCONTRACTORS UNDER § 17-6A-02(A)(3) OF THIS  
22 SUBTITLE SHALL CERTIFY TO THE SECRETARY THAT ALL FUNDS RECEIVED ARE  
23 USED SOLELY FOR THE PURPOSE OF IMPROVING OR EXPANDING APPRENTICESHIP  
24 TRAINING.

25 **17-6A-05.**

26           (A) THE SECRETARY SHALL ADOPT REGULATIONS TO CARRY OUT THE  
27 PROVISIONS OF THIS SUBTITLE.

28           (B) (1) THE REGULATIONS SHALL ESTABLISH THE PROCESS FOR A  
29 CONTRACTOR OR SUBCONTRACTOR TO PROVIDE WRITTEN VERIFICATION TO THE  
30 DEPARTMENT THAT THE REQUIREMENTS OF THIS SUBTITLE HAVE BEEN MET.

31           (2) IF A CONTRACTOR OR SUBCONTRACTOR IS AFFILIATED WITH A  
32 REGISTERED APPRENTICESHIP PROGRAM, THE REGULATIONS SHALL REQUIRE THE

REGISTERED APPRENTICESHIP PROGRAM TO PROVIDE WRITTEN DOCUMENTATION  
TO THE CONTRACTOR OR SUBCONTRACTOR VERIFYING THE AFFILIATION.

(C) THE REGULATIONS SHALL ESTABLISH A PROCESS FOR AUDITING  
ORGANIZATIONS THAT PROVIDE REGISTERED APPRENTICESHIP PROGRAMS TO  
ENSURE THAT ALL FUNDS RECEIVED BY A REGISTERED APPRENTICESHIP PROGRAM  
UNDER § 17-6A-02(A)(3) OF THIS SUBTITLE ARE USED SOLELY TO IMPROVE AND  
EXPAND APPRENTICESHIP PROGRAMS IN THE STATE.

~~(D) (1) A PERSON WHO VIOLATES A PROVISION OF THIS SUBTITLE MAY BE  
ASSESSED A CIVIL PENALTY AND ON CONVICTION IS SUBJECT TO A FINE NOT  
EXCEEDING \$20,000.~~

~~(2) IN DETERMINING THE AMOUNT OF THE PENALTY UNDER  
PARAGRAPH (I) OF THIS PARAGRAPH, THE SECRETARY OR THE ADMINISTRATIVE  
LAW JUDGE SHALL CONSIDER:~~

~~(I) THE GRAVITY OF THE VIOLATION;~~

~~(II) THE SIZE OF THE CONTRACTOR OR SUBCONTRACTOR'S  
BUSINESS;~~

~~(III) THE CONTRACTOR OR SUBCONTRACTOR'S GOOD FAITH;~~

~~(IV) THE CONTRACTOR OR SUBCONTRACTOR'S HISTORY OF  
VIOLATIONS UNDER THIS ARTICLE; AND~~

~~(V) WHETHER THE CONTRACTOR OR SUBCONTRACTOR HAS  
MADE RESTITUTION OR OTHERWISE REMEDIED AND COME INTO COMPLIANCE WITH  
ANY PROVISION OF THIS SUBTITLE OR OF ANY OTHER PROVISION OF THIS ARTICLE  
THAT THE CONTRACTOR OR SUBCONTRACTOR IS DETERMINED TO HAVE BEEN IN  
VIOLATION.~~

17-6A-06.

(A) A CONTRACTOR OR SUBCONTRACTOR THAT FAILS TO MEET THE  
REQUIREMENTS OF THIS SUBTITLE SHALL BE LIABLE FOR AN AMOUNT EQUAL TO  
TWICE THE AMOUNT OF UNPAID APPRENTICESHIP CONTRIBUTIONS REQUIRED BY  
THIS SUBTITLE.

(B) (1) IN THIS SUBSECTION, "WILLFULLY" MEANS A REPRESENTATION  
OR AN OMISSION KNOWN TO BE FALSE OR MADE WITH DELIBERATE IGNORANCE OR  
RECKLESS DISREGARD FOR TRUTH OR FALSITY.

1           **(2) (i) ANY PERSON, FIRM, OR CORPORATION THAT IS FOUND TO**  
2 **HAVE MADE WILLFULLY A FALSE OR FRAUDULENT REPRESENTATION OR OMISSION**  
3 **REGARDING A MATERIAL FACT IN CONNECTION WITH CONTRIBUTIONS REQUIRED BY**  
4 **THIS SUBTITLE SHALL BE LIABLE FOR A CIVIL PENALTY IN AN AMOUNT OF UP TO**  
5 **\$1,000 FOR EACH EMPLOYEE FOR WHOM CONTRIBUTIONS ARE REQUIRED AND EACH**  
6 **FALSIFICATION.**

7           **(ii) A PENALTY SHALL BE RECOVERABLE IN A CIVIL ACTION AND**  
8 **PAID TO THE STATE.**

9           **(c) (1) THE SECRETARY MAY FILE SUIT TO ENFORCE THIS SECTION IN**  
10 **ANY COURT OF COMPETENT JURISDICTION.**

11           **(2) IN AN ACTION FILED UNDER THIS SUBSECTION, THE COURT SHALL**  
12 **REQUIRE THE CONTRACTOR OR SUBCONTRACTOR TO PAY THE AMOUNT REQUIRED**  
13 **BY SUBSECTION (A) OF THIS SECTION, INCLUDING INTEREST, REASONABLE**  
14 **COUNSEL FEES, AND COURT COSTS.**

15           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be construed to  
16 apply only prospectively and may not be applied or interpreted to have any effect on or  
17 application to any covered contract executed before the effective date of this Act.

18           SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect June  
19 1, 2017.

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.