



AGC MAINE

THE CONSTRUCTION ASSOCIATION

**Testimony of Kelly Flagg Against LD 373
An Act to Ensure Maine Employer and Employee Harmony in Climate and Energy Jobs
February 6, 2024**

Senator Tipping, Representative Roeder, and distinguished members of the Joint Standing Committee on Labor and Housing, my name is Kelly Flagg, I am a resident of Gorham and here in my capacity as Executive Director of AGC Maine.

AGC Maine strongly opposes the amended version of LD 373. The proposed employee harmony agreement will disrupt the market, cause a shortfall in stated goals, and largely benefit out-of-state construction firms.

The proposal is the same as a project labor agreement, and while this might be well suited in other areas of the country, Maine has a basic employment demographic issue that if enacted will do more harm than good. As this Committee is aware, ~90% of the construction workforce has chosen to be employed by open shop contractors.

In addition to the impacts on the construction industry, transitioning to an environment that requires a union contract will slow or stop progress in transportation, climate, and broadband goals. All project owners, whether state or private, have encouraged a competitive market. If passed, LD 373 will result in fewer bidders. In the transportation industry, there is only one firm located in Maine that provides paving services that might currently meet the provisions of this bill. Maine DOT has worked diligently to increase the number of bidders on their projects because in the past it has had to reject some bids where there wasn't enough competition. Requiring a labor union component will deepen the difficulty of repairing and building our infrastructure.

Maine has aggressive goals within climate plans to provide 100% clean energy by 2040. What that means in our market is an "all hands-on deck" approach to building facilities. In recent months we've already seen setbacks for clean energy projects and it's imperative that each condition added to contract requirements be carefully considered.

The same is true for expanding access to broadband in our rural areas. It's already challenging to procure construction services in more urban areas, but as the reach expands into rural Maine that burden increases. Finding contractors who can and will travel to complete this work and comply with this proposed standard will have a direct impact on costs and project starts.

Lastly, regardless of the new name for the project labor agreement, the outcome is the same. Maine's construction firms are part of our communities, and this will have a negative impact. AGC Maine has proudly worked on policy that allows both unions and non-union firms to compete. We support pre-qualification requirements, but we also encourage a competitive environment that benefits Maine's taxpayers.

Policies with project labor agreements will and have benefited out-of-state firms, unfairly. As I've shared in the past, the construction industry is one of the fastest growing transitions to employee-owned firms. By enacting this law, it creates a complicated dynamic for those companies and while it might bolster competitiveness in the private sector, where more Maine companies will focus, it will disseminate the public or publicly funded market. I urge each member of this Committee to vote against this bill and support your local construction firms. Thank you for the time today, and I am happy to answer any questions.