



House of Representatives

General Assembly

File No. 25

January Session, 2021

House Bill No. 6378

House of Representatives, March 9, 2021

The Committee on Labor and Public Employees reported through REP. PORTER of the 94th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT CODIFYING PREVAILING WAGE CONTRACT RATES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (d) of section 31-53 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective October*
3 *1, 2021*):

4 (d) For the purpose of predetermining the prevailing rate of wage on
5 an hourly basis and the amount of payment or contributions paid or
6 payable on behalf of each person to any employee welfare fund, as
7 defined in subsection (i) of this section, in each town where such
8 contract is to be performed, the Labor Commissioner shall [(1) hold a
9 hearing at any required time to determine the prevailing rate of wages
10 on an hourly basis and the amount of payment or contributions paid or
11 payable on behalf of each person to any employee welfare fund, as
12 defined in subsection (i) of this section, upon any public work within
13 any specified area, and shall establish classifications of skilled,
14 semiskilled and ordinary labor, or (2)] adopt the rate of wages on an
15 hourly basis and the amount of payment or contributions paid or

16 payable on behalf of each person to any employee welfare fund, as
17 defined in subsection (i) of this section, as established in dominant
18 collective bargaining agreements or understandings between employers
19 or employer associations and bona fide labor organizations for the same
20 work in the same trade or occupation in the town in which the
21 applicable building, heavy or highway works project is being
22 constructed. For each trade or occupation for which more than one
23 collective bargaining agreement is in effect for the town in which such
24 project is being constructed, the dominant collective bargaining
25 agreement shall prevail. For each trade or occupation for which there is
26 no collective bargaining agreement in effect for the town in which such
27 project is being constructed, the Labor Commissioner shall adopt and
28 use such appropriate and applicable prevailing wage rate
29 determinations as have been made by the Secretary of Labor of the
30 United States under the provisions of the Davis-Bacon Act, as amended.

31 Sec. 2. Section 31-54 of the general statutes is repealed and the
32 following is substituted in lieu thereof (*Effective October 1, 2021*):

33 The Labor Commissioner shall [hold a hearing at any required time
34 to] determine the prevailing rate of wages upon any highway contract
35 within any specified area on an hourly basis and the amount of payment
36 or contributions paid or payable on behalf of each employee to any
37 employee welfare fund, as defined in section 31-53, as amended by this
38 act, upon any classifications of skilled, semiskilled and ordinary labor.
39 Said commissioner shall determine the prevailing rate of wages on an
40 hourly basis and the amount of payment or contributions paid or
41 payable on behalf of each employee to any employee welfare fund, as
42 defined in section 31-53, as amended by this act, in each locality where
43 any highway or bridge is to be constructed, and the Commissioner of
44 Transportation shall include such rate of wage on an hourly basis and
45 the amount of payment or contributions paid or payable on behalf of
46 each employee to any employee welfare fund, as defined in section 31-
47 53, as amended by this act, or in lieu thereof, in cash as part of wages
48 each pay day, for each classification of labor in the proposal for the
49 contract and in the contract. The rate and the amount so established

50 shall, at all times, be considered as the minimum rate of wage on an
 51 hourly basis and the amount of payment or contributions to an
 52 employee welfare fund, or cash in lieu thereof, for the classification for
 53 which it was established. Any contractor who pays any person at a
 54 lower rate of wage on an hourly basis or the amount of payment or
 55 contributions paid or payable on behalf of each employee to any
 56 employee welfare fund, as defined in section 31-53, as amended by this
 57 act, or where he is not obligated by any agreement to make payment or
 58 contributions to the employee welfare funds, as defined in section 31-
 59 53, as amended by this act, and fails to pay the amount of such payment
 60 or contributions directly to the employee as a part of his wages each pay
 61 day, than that so established for the classifications of work specified in
 62 any such contract shall be fined not more than two hundred dollars for
 63 each offense. The provisions of this section shall apply only to state
 64 highways and bridges on state highways.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2021	31-53(d)
Sec. 2	October 1, 2021	31-54

LAB *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 22 \$	FY 23 \$
Labor Dept.	GF - Cost	199,200	206,829
State Comptroller - Fringe Benefits ¹	GF - Cost	82,269	85,420
Various State Agencies	GF - See Below	See Below	See Below

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 22 \$	FY 23 \$
Various Municipalities	See Below	See Below	See Below

Explanation

The bill modifies the method by which the Department of Labor (DOL) is required to determine the prevailing wage for certain trades and occupations for building, heavy, and highway projects. It requires the DOL to use wage rates set in certain collective bargaining agreements and eliminates the option for the DOL to adopt the rates set by the United States Department of Labor (USDOL), except when there is no collective bargaining agreement for a trade or occupation in the town.

It is the current practice of the DOL to adopt prevailing wage rates

¹The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 41.3% of payroll in FY 22 and FY 23.

set by the USDOL.² Any change in the cost of state and municipal contracts affected by the prevailing wage would depend on how the wage rates determined through the method required under the bill differ from the USDOL rates.

The bill results in a cost of \$281,469 in FY 22 and \$292,249 in FY 23 for two full-time Wage Enforcement Agents and one part-time Staff Attorney to research, analyze, establish, and publish prevailing wage rates in all 169 municipalities annually as required by the methodology in the bill. This includes salary and fringe costs.

In FY 20, there were 1,000 state, municipal, and private construction projects subject to prevailing wage requirements.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

² Current law allows the labor commissioner to set prevailing wage rates in one of two ways: (1) through holding a hearing to determine the prevailing wage rates on any public work within a specified area and establishing classifications of labor, or (2) by adopting the federally-determined prevailing wage rates.

OLR Bill Analysis**HB 6378*****AN ACT CODIFYING PREVAILING WAGE CONTRACT RATES.*****SUMMARY**

This bill revises the method the labor commissioner must use to set prevailing wage rates on public works projects. The prevailing wage law requires contractors on public works projects to at least pay the prevailing hourly wage rate (including benefits), as determined by law, to all eligible workers on the project. The requirement applies to new construction projects of \$1 million or more and renovation projects of \$100,000 or more.

Current law allows the commissioner to set the rates in one of two ways: (1) on his own, after (a) holding a hearing to determine the prevailing wage rates on any public work within a specified area and (b) establishing classifications of skilled, semiskilled, and ordinary labor, or (2) by adopting and using the applicable prevailing wage rate determinations made by the federal labor secretary for the federal prevailing wage law. In practice, the labor commissioner uses the federally-determined rates for the four types of prevailing wage projects: building, heavy, highway, and residential.

The bill instead requires the commissioner to make the prevailing wage rate (including benefits) for each trade or occupation the same as the rate established in the dominant collective bargaining agreement in effect for that trade or occupation for the town where the project is being constructed. (The bill does not say how the labor commissioner determines which agreement is “dominant.”) If there is no collective bargaining agreement for a trade or occupation in the town, the commissioner must use the federally-determined rate. The bill also makes a conforming change in a related law by eliminating the

requirement for the labor commissioner to hold a hearing to determine the prevailing wage rates for state highway projects.

The bill applies the new method for determining the rates for building, heavy, and highway projects. It is not clear how the rate determinations will be made for residential projects, which are those of either single- or multi-family housing or dormitories of no more than four stories.

EFFECTIVE DATE: October 1, 2021

COMMITTEE ACTION

Labor and Public Employees Committee

Joint Favorable

Yea 10 Nay 3 (02/18/2021)