



# House of Representatives

**File No. 631**

General Assembly

January Session, 2021

**(Reprint of File No. 25)**

House Bill No. 6378  
As Amended by House Amendment  
Schedule "A"

Approved by the Legislative Commissioner  
May 6, 2021

## **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2 repealed and the following is substituted in lieu thereof (*Effective October*  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 and  
6 member benefits paid or payable on behalf of each person to any  
7 employee welfare fund, as defined in subsection (i) of this section, in  
8 each town where such contract is to be performed, the Labor  
9 Commissioner shall [(1) hold a hearing at any required time to  
10 determine the prevailing rate of wages on an hourly basis and the  
11 amount of payment or contributions paid or payable on behalf of each  
12 person to any employee welfare fund, as defined in subsection (i) of this  
13 section, upon any public work within any specified area, and shall  
14 establish classifications of skilled, semiskilled and ordinary labor, or (2)]

15 adopt the rate of wages on an hourly basis in accordance with the  
16 provisions of this section and section 31-76c and the amount of payment,  
17 contributions and member benefits, including health, pension, annuity  
18 and apprenticeship funds, as recognized by the United States  
19 Department of Labor and the Labor Commissioner paid or payable on  
20 behalf of each person to any employee welfare fund, as defined in  
21 subsection (i) of this section, as established in the collective bargaining  
22 agreements or understandings between employers or employer  
23 associations and bona fide labor organizations for the same work in the  
24 same trade or occupation in the town in which the applicable building,  
25 heavy or highway works project is being constructed. For each trade or  
26 occupation for which more than one collective bargaining agreement is  
27 in effect for the town in which such project is being constructed, the  
28 collective bargaining agreement of historical jurisdiction shall prevail.  
29 For residential project rates and for each trade or occupation for which  
30 there is no collective bargaining agreement in effect for the town in  
31 which the building, heavy or highway works project is being  
32 constructed, the Labor Commissioner shall adopt and use such  
33 appropriate and applicable prevailing wage rate determinations as have  
34 been made by the Secretary of Labor of the United States under the  
35 provisions of the Davis-Bacon Act, as amended.

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

38 The Labor Commissioner shall [hold a hearing at any required time  
39 to] determine the prevailing rate of wages upon any highway contract  
40 within any specified area on an hourly basis and the amount of payment  
41 or contributions paid or payable on behalf of each employee to any  
42 employee welfare fund, as defined in section 31-53, as amended by this  
43 act, upon any classifications of skilled, semiskilled and ordinary labor.  
44 Said commissioner shall determine the prevailing rate of wages on an  
45 hourly basis and the amount of payment or contributions paid or  
46 payable on behalf of each employee to any employee welfare fund, as  
47 defined in section 31-53, as amended by this act, in each locality where  
48 any highway or bridge is to be constructed, and the Commissioner of

49 Transportation shall include such rate of wage on an hourly basis and  
 50 the amount of payment or contributions paid or payable on behalf of  
 51 each employee to any employee welfare fund, as defined in section 31-  
 52 53, as amended by this act, or in lieu thereof, in cash as part of wages  
 53 each pay day, for each classification of labor in the proposal for the  
 54 contract and in the contract. The rate and the amount so established  
 55 shall, at all times, be considered as the minimum rate of wage on an  
 56 hourly basis and the amount of payment or contributions to an  
 57 employee welfare fund, or cash in lieu thereof, for the classification for  
 58 which it was established. Any contractor who pays any person at a  
 59 lower rate of wage on an hourly basis or the amount of payment or  
 60 contributions paid or payable on behalf of each employee to any  
 61 employee welfare fund, as defined in section 31-53, as amended by this  
 62 act, or where he is not obligated by any agreement to make payment or  
 63 contributions to the employee welfare funds, as defined in section 31-  
 64 53, as amended by this act, and fails to pay the amount of such payment  
 65 or contributions directly to the employee as a part of his wages each pay  
 66 day, than that so established for the classifications of work specified in  
 67 any such contract shall be fined not more than two hundred dollars for  
 68 each offense. The provisions of this section shall apply only to state  
 69 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

*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.*

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## **OFA Fiscal Note**

**State Impact:** See Below

**Municipal Impact:** 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 is the current practice of the DOL to adopt prevailing wage rates set by the USDOL.<sup>1</sup> 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.

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

House "A" changes the manner in which the DOL is required to determine the prevailing wage for certain trades under the bill and eliminates the costs to the DOL and the State Comptroller Fringe Benefits account identified in the fiscal note on the underlying bill.

### **The Out Years**

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<sup>1</sup> 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.

**State Impact:** See Above

**Municipal Impact:** See Above

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**OLR Bill Analysis****HB 6378 (as amended by House "A")\******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 bill establishes one process for building, heavy, and highway projects and another for residential projects.

Under the prevailing wage law, contractors on public works projects must at least pay the prevailing hourly wage rate and 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.

The bill also makes conforming changes.

\*House Amendment "A" requires that the prevailing wage rate be determined by the collective bargaining agreement of "historical jurisdiction" rather than the "dominant" agreement, specifically addresses how residential project rates are determined, and provides additional requirements on determining benefit contributions.

EFFECTIVE DATE: October 1, 2021

**PREVAILING WAGE DETERMINATIONS**

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 establishes one process for building, heavy, and highway projects and another for residential projects. Residential projects are those of either single- or multi-family housing or dormitories of no more than four stories.

### ***Building, Heavy, and Highway Project Rates***

The bill requires the commissioner to make the prevailing hourly wage rate for building, heavy, and highway projects for each trade or occupation the same as the rate established in the collective bargaining agreement or understanding between employers or employer associations and labor organizations in effect for that trade or occupation for the town where the project is being constructed. It also specifies the wage rates must conform to the overtime wage law.

For benefits, the bill requires that the commissioner when making the rate determination consider the amount of payment, contributions, and member benefits, including health, pension, annuity and apprenticeship funds, as recognized by the U.S. Department of Labor and the state labor commissioner and paid or payable on behalf of each person to any employee welfare fund that is established in a collective bargaining agreement or understanding between an employer and a union. Under current law, the benefit rate is the amount of payment or contributions paid or payable on behalf of each person to any employee welfare fund (see BACKGROUND).

Under the bill, for each trade or occupation for which more than one collective bargaining agreement is in effect for the town in which such project is being constructed, the collective bargaining agreement of historical jurisdiction must prevail. The bill does not define "historical jurisdiction."

***Residential Project Rates and Towns with No Bargaining Agreement***

Under the bill, for residential project rates the Labor Commissioner must adopt and use the appropriate and applicable federally determined prevailing wage rates.

The bill also requires the labor commissioner to use this methodology for each trade or occupation for which there is no collective bargaining agreement in effect for the town in which the building, heavy, or highway works project is being constructed.

**BACKGROUND*****Employee Welfare Fund***

Under the prevailing wage law, an “employee welfare fund” means any trust fund established by one or more employers and one or more labor organizations or other third parties to provide, whether through the purchase of insurance, annuity contracts, or otherwise, benefits under an employee welfare plan. The welfare plan provides benefits or services established or maintained for persons performing the work of any mechanics, laborers, or workers or their families or dependents, or for both. Benefits include medical, surgical, or hospital care benefits; sickness, accident, disability, or death benefits; unemployment benefits; or retirement benefits (CGS § 31-53(i)).

**COMMITTEE ACTION**

Labor and Public Employees Committee

Joint Favorable

Yea 10 Nay 3 (02/18/2021)