



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 1329

PRINTERS NO. 3097

PRIME SPONSOR: F. Keller

COST / (SAVINGS)

FUND	FY 2011/12	FY 2012/13
General Fund *	See Fiscal Impact	See Fiscal Impact
Motor License Fund *	See Fiscal Impact	See Fiscal Impact
Boat Fund *	See Fiscal Impact	See Fiscal Impact
Fish Fund *	See Fiscal Impact	See Fiscal Impact
Game Fund *	See Fiscal Impact	See Fiscal Impact
Keystone Recreation, Park, and Conservation Fund *	See Fiscal Impact	See Fiscal Impact
Environmental Stewardship Fund *	See Fiscal Impact	See Fiscal Impact
Political Subdivision Funds	See Fiscal Impact	See Fiscal Impact

*(*There may be additional Commonwealth funds impacted by this legislation for contracted projects greater than \$25,000 but less than \$185,000)*

SUMMARY: Raises the threshold for the Prevailing Wage Act from \$25,000 to \$185,000 and creates an annual inflation adjustment to the threshold. This legislation would take effect in 60 days and apply to new contracts only.

ANALYSIS: This legislation would amend the Prevailing Wage Act (Act 442 of 1961) to make it applicable to public projects for which the total cost is in excess of \$185,000, as opposed to the current threshold of \$25,000.

This legislation also adds a cost of living adjustment into the act that requires the Department of Labor and Industry to adjust the threshold annually on March 1st in accordance with the Consumer Price Index, as published by the federal Bureau of Labor Statistics, for Urban Wage Earners in the Pennsylvania, New Jersey, Delaware, and Maryland area for the previous calendar year.

This legislation would prohibit an individual, employer, contractor or subcontractor from discharging, threatening or otherwise retaliate or discriminate against a workman regarding compensation or other terms or conditions of employment because the workman exercises rights protected under the Act including filing a complaint or protest with the secretary or participating in an investigation, hearing or inquiry under or related to the Act. The legislation

would also add language providing no person shall intentionally divide a construction project into multiple parts for the purposes of circumventing the Act.

This legislation would require the Secretary of Labor & Industry to provide a written notice of receipt of materials to any employer or organization that has submitted information for the purposes of inclusion in calculation of the prevailing wage rate. If the Secretary determines that the material is incomplete or unacceptable for inclusion in the calculation, the notice shall contain a written statement explaining the reasons that it cannot be used.

FISCAL IMPACT: Utilizing calendar year 2010 project data provided by the Department of Labor & Industry and applying a cost average in each of those ranges, there would be approximately \$317 million worth of Commonwealth and political subdivision projects affected by this legislation (*See chart below for support*). Using a conservative 10% cost savings to the \$317 million worth of projects, the legislation would save the Commonwealth and political subdivisions a combined \$31.7 million annually with that number increasing as the threshold rises with the CPI-U. Estimates suggest that prevailing wage requirements increase project costs 10% to 30%.

	25,000 to 50,000	50,001 to 75,000	75,001 to 100,000	100,001 to 200,000
Building	651	277	274	471
Heavy	42	12	22	24
Highway	306	194	217	298
Bldg/ Heavy	32	14	17	27
Bldg/ Highway	0	0	0	0
Heavy/ Highway	250	181	125	253
Bldg./ Heavy/ Highway	35	19	19	30
	1316	697	674	1103
% of Total Projects	18%	10%	9%	15%
Average Project Cost	\$ 37,500	\$ 62,500	\$ 87,500	\$ 150,000
Totals	\$ 49,350,000	\$ 43,562,500	\$ 58,975,000	\$ 165,450,000
			\$ 317,337,500	2.5%
		Savings @ 10%	\$ 31,733,750	annually
		Savings @ 20%	\$ 63,467,500	annually

PREPARED BY: Tim Rodrigo
House Appropriations Committee (R)

DATE: February 13, 2012

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.