



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 796

PRINTERS NO. 1496

PRIME SPONSOR: Millard

COST / (SAVINGS)

FUND	FY 2012/13	FY 2013/14
General Fund *	\$0	See "Fiscal Impact"
Motor License Fund *	\$0	See "Fiscal Impact"
Boat Fund *	\$0	See "Fiscal Impact"
Fish Fund *	\$0	See "Fiscal Impact"
Game Fund *	\$0	See "Fiscal Impact"
Keystone Recreation, Park, and Conservation Fund *	\$0	See "Fiscal Impact"
Environmental Stewardship Fund *	\$0	See "Fiscal Impact"
Political Subdivision Funds	\$0	See "Fiscal Impact"

*(*There may be additional Commonwealth funds impacted by this legislation for contracted projects greater than \$25,000 but less than \$100,000)*

SUMMARY: Raises the threshold for the Prevailing Wage Act from \$25,000 to \$100,000. 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 \$100,000, as opposed to the current threshold of \$25,000.

The legislation adds language providing no person shall intentionally divide a construction project into multiple parts for the purposes of circumventing the Act.

The legislation also creates a new section - 13.1 - entitled "Protection of Workmen", which establishes anti-retaliation measures for workers on a prevailing wage project. Section 13.1 prohibits contractors or subcontractors from retaliating against a workman for:

- Filing a complaint with the Secretary that he has been paid less than the Prevailing Wage rate
- Instituting legal action to recoup monies to which he was rightfully entitled
- Participating in an investigation, hearing, or inquiry held by the Secretary or in a court action

The section also institutes a 180-day statute of limitations and guidelines for civil action taken by a workman for alleged violations.

FISCAL IMPACT: According to the Department of Labor & Industry, there were approximately \$149 million worth of Commonwealth and political subdivision projects that fell under the \$100,000 prevailing wage threshold in 2012. This range represented 39% of the total number of projects that fell under the threshold and represented just 2% of the total costs of projects. It is unknown as to what percentage of the projects are contracted and what portion of the aggregate project cost is labor, but using a conservative 10% cost savings to the \$149 million worth of projects would save the Commonwealth and political subdivisions a combined \$14.9 million annually assuming a constant level of construction activity. Estimates suggest that prevailing wage requirements increase project costs 10% to 30%.

PREPARED BY: Tim Rodrigo
House Appropriations Committee (R)

DATE: June 29, 2013

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