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**House of Representatives**  
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**MEMORANDUM**

TO: All House Members

FROM: Representative Scott Perry   
92<sup>nd</sup> Legislative District

DATE: February 24, 2011

SUBJECT: Co-sponsorship of Legislation to Repeal Prevailing Wage Act

In the near future I will be introducing legislation to repeal the Prevailing Wage Act (Act 442 of 1961). The Prevailing Wage Act requires that the Secretary of Labor & Industry establish "prevailing" minimum wage rates that must be paid on public construction projects (although the act does not establish a procedure for how the rates are to be determined). Historically, prevailing wage rates have represented the union wage rates in different localities; in fact, this was the official Rendell Administration policy over the last 8 years. The use of prevailing wage rates (basically union wage rates) generally raises the cost of public construction projects anywhere from 5% - 20%. This is, in fact, reflected by the various studies some of which are cited as follows:

-A 2007 study issued by the Mackinac Center for Public Policy estimates that Michigan's prevailing wage law increased the cost of public projects anywhere from 10%-15% , and repeal of the law would have saved taxpayers \$216 million in 2002.

- A 2002 study promulgated by the Allegheny Institute for Public Policy stated that the elimination of prevailing wage requirement could save, on average, 10% on public construction project costs in Pennsylvania.

It is important to note that 18 states do not have prevailing wage laws (Alabama, Arizona, Colorado, Florida, Georgia, Idaho, Iowa, Kansas, Louisiana, Mississippi, North Carolina, New Hampshire, North Dakota, Oklahoma, South Carolina, South Dakota, Utah, and Virginia). I have visited many of these states, and I am aware of no issues with the quality of construction of public buildings, or the quality of training/safety of the workforces that construct them. I believe the concept behind the establishment of the Prevailing Wage Act has outlived its time.

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Our state, and municipalities are struggling to keep taxes under control and balance their budgets, and I think repealing this law will do much to assist them in keeping their costs down. I believe my legislation offers an effective means of lowering our municipal/school district construction costs and, thus, an effective tool in combating rising property taxes.

If you wish to co-sponsor this legislation, please contact Lisa Seilhammer in my office at 783-8783 or through e-mail at [lseilham@pahousegop.com](mailto:lseilham@pahousegop.com)

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