

HCS HB 61 -- PREVAILING WAGE

SPONSOR: Hunter (Ruestman)

COMMITTEE ACTION: Voted "do pass" by the Special Committee on Workforce Development and Workplace Safety by a vote of 7 to 5.

Currently, workers employed on a public works project, except for maintenance workers, are to be paid a wage of no less than the prevailing hourly rate paid for similar work in the locality in which the work is to be performed. This substitute exempts, except in counties with a charter form of government, work done on a school from the prevailing hourly wage rate requirement if the school board approves the exemption. If a school district approves the exemption, the district is required to notify the Division of Labor Standards within the Department of Labor and Industrial Relations.

FISCAL NOTE: No impact on state funds in FY 2008, FY 2009, and FY 2010.

PROPONENTS: Supporters say that according to information from the Department of Elementary and Secondary Education school district facility construction costs could be reduced by 15% to 40% by eliminating the current prevailing wage requirements. A reduction of 15% in the replacement costs for school buildings 30 years or older, which consists of 64% of Missouri school buildings with an estimated cost of \$4 billion, will result in a \$600 million savings. The Prevailing Wage Law diminishes the bidding pool on public projects because most local contractors will not submit a bid.

Testifying for the bill were Representative Ruestman; Gary Reed, Cartage R-9 School District; Doug Domer, Joplin School District; Sammy Helm, McDonald County School Board; Associated Industries of Missouri; Missouri Farm Bureau; Missouri School Boards' Association; Associated Builders and Contractors, Heart of America Chapter; and National Federation of Independent Business.

OPPONENTS: Those who oppose the bill say that local contractors often fail to report required local wage rates resulting in artificially high prevailing wage rates. Schools must be constructed by skilled labors to protect Missouri's children from potential hazards arising from substandard construction.

Testifying against the bill were Plumbers and Pipe Fitters Local 562; Missouri AFL-CIO; Carpenters' District Council of Kansas City; Carpenters' District Council of Greater St. Louis; National Electrical Contractors Association; Missouri Laborers' Legislative Committee; and Missouri National Education

Association.