

Department of Planning and Budget 2018 Fiscal Impact Statement

1. Bill Number: HB667

House of Origin	<input checked="" type="checkbox"/>	Introduced	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Engrossed
Second House	<input type="checkbox"/>	In Committee	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Enrolled

2. Patron: Krizek

3. Committee: Rules

4. Title: Prevailing wage; public works contracts; penalty.

5. Summary: Requires contractors and subcontractors under any public contract with a state agency for public works to pay wages, salaries, benefits, and other remuneration to any mechanic, laborer, or worker employed, retained, or otherwise hired to perform services in connection with the public contract for public works at the prevailing wage rate. The Commissioner of Labor and Industry is required to determine the prevailing wage rate for such public contracts on the basis of applicable prevailing wage rate determinations made by the U.S. Secretary of Labor under the provisions of the federal Davis-Bacon Act. A contractor or subcontractor who knowingly or willfully employs any mechanic, laborer, or worker to perform work contracted to be done under the public contract at a rate that is less than the prevailing wage rate is guilty of a Class 1 misdemeanor. In addition, such a contractor or subcontractor shall be liable to such individuals for the payment of all wages due plus interest and shall be disqualified from bidding on public contracts with any public body until full restitution has been paid to the individuals.

6. Budget Amendment Necessary: Indeterminate; see Item 8.

7. Fiscal Impact Estimates: Preliminary; fiscal impact is indeterminate. See Item 8.

8. Fiscal Implications: The fiscal impact of this bill is indeterminate. All projects funded in whole or in part by federal dollars must already adhere to the federal prevailing wage provisions of the Davis-Bacon Act. The impact of requiring all other public works contracts not funded with federal dollars is unknown.

The bill also requires the Department of Labor and Industry (DOLI) to determine the prevailing wage for state public contracts on the basis of applicable determinations made by the U.S. Secretary of Labor under the provisions of the Davis-Bacon Act and respond to inquiries of state agencies regarding the proper prevailing wage for work to be performed. DOLI does not currently have any responsibilities regarding prevailing wage rates. Therefore, additional staffing may be required to carry out the provisions of the bill. However, such needs would depend on the number of inquiries received, which is unknown. For illustration purposes, DOLI estimates the costs of hiring a full-time staff member in its labor law division at \$103,071 to respond to inquiries.

9. Specific Agency or Political Subdivisions Affected: Virginia Department of Labor and Industry, Department of General Services, and all state public bodies unless the body has received an exemption from the Virginia Public Procurement Act (VPPA), such as through the Higher Education Restructuring Act or the Appropriation Act.

10. Technical Amendment Necessary: No.

11. Other Comments: None.

Date: 2/6/2018