

Department of Planning and Budget 2021 Fiscal Impact Statement

1. Bill Number: HB2327

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: General Laws

4. Title: Prevailing wage rate; public contractors

5. Summary: Clarifies that public works include state-owned institutions of higher education and transportation infrastructure projects when paid for in whole or in part by state funds or procured through a contract for public works and must adhere to the prevailing wage rate.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: Preliminary. See item 8.

8. Fiscal Implications: The bill clarifies that the definition of “public works” under existing statute includes work to be performed for state-owned institutions of higher education and transportation infrastructure projects. As a result, it clarifies that the provisions related to prevailing wage requirements apply to such work.

The Department of General Services (DGS) estimates that, generally, prevailing wage rate requirements increase project costs by an average of 15 percent, based on industry data that calculates the cost of projects without a prevailing wage rate and projects with a Davis-Bacon prevailing wage rate requirement. This legislation could increase the costs for any higher education projects proposed or budgeted prior to the prevailing wage requirements. However, the actual costs increases to any project or institution of higher education are indeterminate.

This is not anticipated to have a fiscal impact on the Virginia Department of Transportation.

9. Specific Agency or Political Subdivisions Affected: State institutions of higher education, Virginia Department of Transportation.

10. Technical Amendment Necessary: No.

11. Other Comments: None.