

Department of Planning and Budget 2022 Fiscal Impact Statement

1. Bill Number: SB524

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

2. Patron: Barker

3. Committee: Passed Senate

4. Title: Payment of prevailing wage; certified payroll; penalties.

5. Summary: Requires employers that are subject to prevailing wage provisions for work done on public contracts to furnish the Commissioner of Labor and Industry within 30 days after issuance of its first payroll, and every 30 days thereafter, a certified payroll that consists of a complete copy of certain records accompanied by a statement signed by the employer that indicates that (i) such records are true and accurate; (ii) the hourly rate paid to each worker is not less than the general prevailing rate of hourly wages required by law; and (iii) the contractor or subcontractor is aware that filing a certified payroll that he knows to be false is a Class 6 felony. The bill provides civil penalties not to exceed \$1,000 for each violation for violations of prevailing wage provisions for any contractor or subcontractor that (a) knowingly fails to provide the certified pay scale for each craft or trade employed on the project, (b) knowingly fails to provide the certified payroll required by the bill, and (c) fails to post the general prevailing wage rate for each craft and classification involved in a contract in prominent and easily accessible places at the site of the work and a civil penalty not to exceed \$10 per calendar day that required records have not been received. The bill also provides that any contractor or subcontractor who knowingly files false records or willfully fails to file records is guilty of a Class 6 felony.

6. Budget Amendment Necessary: Yes, Item 404, HB30/SB30, as Introduced.

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

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2023	\$50,000	GF

8. Fiscal Implications: This fiscal impact statement is preliminary. It is anticipated that this bill will have a general fund expenditure and revenue impact.

Impact estimates from the Department of Labor and Industry are not yet available. However, Item 365 of HB30/SB30, as Introduced, includes \$1.1 million in FY 2023 and \$542,063 in

FY 2024, from the general fund, and five positions to establish a new monthly payroll certification initiative for contracting employers.

This bill establishes a new Class 6 felony. There is not enough information available to reliably estimate the increase in jail population as a result of this proposal. However, any increase in jail population will increase costs to the state. Due to the lack of data, the Virginia Criminal Sentencing Commission has concluded, pursuant to §30-19.1:4 of the Code of Virginia, that the impact of the proposed legislation on state-responsible (prison) bed space cannot be determined. In such cases, Chapter 552, 2021 Acts of Assembly, Special Session I, requires that a minimum impact of \$50,000 be assigned to the bill.

Any fiscal impact this bill may have on state agencies is indeterminate.

Also, violations of this bill could result in fines of up to \$1,000 per violation. Payments would be deposited in the general fund. Because the number of violations is unknown, the revenue estimate is indeterminate.

9. Specific Agency or Political Subdivisions Affected: Department of Labor and Industry, Department of Corrections

10. Technical Amendment Necessary: No

11. Other Comments: None