

# FISCAL NOTE

**Bill #:** HB0500

**Title:** Revise certain provisions of little Davis Bacon act

**Primary**

**Sponsor:** David Wanzenried

**Status:** As Introduced

Sponsor signature

Date

Chuck Swysgood, Budget Director

Date

## Fiscal Summary

	<b><u>FY2002</u></b> <b><u>Difference</u></b>	<b><u>FY2003</u></b> <b><u>Difference</u></b>
<b>Expenditures:</b>		
State Special Revenue	\$18,746	\$16,099
<b>Revenue:</b>		
State Special Revenue	0	0
<b>Net Impact on General Fund Balance:</b>	<b>\$0</b>	<b>\$0</b>

<b><u>Yes</u></b>	<b><u>No</u></b>		<b><u>Yes</u></b>	<b><u>No</u></b>	
	X	Significant Local Gov. Impact	X		Technical Concerns
	X	Included in the Executive Budget	X		Significant Long-Term Impacts
	X	Dedicated Revenue Form Attached	X		Family Impact Form Attached

## Fiscal Analysis

### ASSUMPTIONS:

#### **Statewide**

1. The fiscal impact is seen as minimal if the new provision in section 2 means that the contracting agency can include this requirement in its contracts and can verify the posting at construction progress meetings (which occur approximately once a month on most projects, more infrequently on others). However, if more than a periodic verification of the posting is intended, the costs could prove substantial. It is not possible at this time to define the substantial costs without a better definition of the contracting agency's responsibility to "ensure and maintain".
2. The contracting agency is not responsible for the penalty provision of 18-2-432 should the contractor/subcontractor/employer be in violation of section 2.
3. The notification requirement in section 3 can be accomplished by means of the contract language.

#### **Department of Labor and Industry**

4. The construction survey would be done annually and the non-construction services survey would be done every two years.

5. Because a new survey per biennium is added, the Department of Labor and Industry would need 0.50 FTE (grade 9) statistical technician to assist with the added workload, as well as the new rules, new forms, and new methodology to determine standard prevailing wages.

**FISCAL IMPACT:**

	FY2002 Difference	FY2003 Difference
<b>Department of Labor and Industry, Program 01</b>		
FTE	0.50	0.50
Expenditures:		
Personal Services	11,074	11,450
Operating Expenses	<u>7,672</u>	<u>4,649</u>
TOTAL	\$18,746	\$16,099
<u>Funding:</u>		
State Special Revenue (02)	18,746	16,099
<u>Revenues:</u>		
State Special Revenue (02)	0	0
<u>Net Impact to Fund Balance (Revenue minus Expenditure):</u>		
State Special Revenue (02)	(\$18,746)	(\$16,099)

**TECHNICAL NOTES:**

1. It is not clear in the language of the bill what the intent is for calculating a wage rate. Hours worked will no longer be used. However, the language "wages must be computed...based on work performed by Montana contractors" does not give a clear basis for calculating a wage rate (assuming enough survey data is collected to set a rate). Does this mean wages paid by employee? Or maybe a minimum wage and a maximum wage paid by a contractor for a particular time period with no reference to the number of employees involved? To make it consistent with other national wage programs, it should collect each wage rate paid by the contractor (or employer?) and the number of employees at each wage rate for a pre-determined period of time. Any method of computation is basically a weighted average of something – the new law just would not weight by hours worked. But the language "based on work performed" is not specific enough to establish intent. Because of this, it has been assumed that it will be up to the department to determine the most appropriate way to set the wage rate and establish for which occupations to set rates.
2. There is concern with the new requirement in section 2 that the contracting agency be "responsible for ensuring" that the wages are posted and maintained. There exists difficulty in determining what this fully encompasses. The fiscal impact is seen as minimal or non-existent if this new provision means that the contracting agency can include this requirement in its contracts and can verify the posting at construction progress meetings (which occur approximately once a month on most projects, more infrequently on others). However, if more than a periodic verification of the posting is intended, the costs could prove substantial. It is not possible at this time to define the substantial costs without a better definition of the contracting agency's responsibility to "ensure and maintain".