



## Fiscal Estimate Narratives

DWD 6/24/2011

LRB Number	11-2069/2	Introduction Number	AB-0183	Estimate Type	Original
<b>Description</b> Applicability of the prevailing wage law; the thresholds for applicability of that law; calculation of the prevailing wage rate; the treatment of volunteers, truck drivers, subjourneypersons, and incidental work under that law; the submission to the Department of Workforce Development of payroll records of persons performing work that is subject to that law; the inspection of those records; and the remedies for a violation of that law					

### Assumptions Used in Arriving at Fiscal Estimate

The passage of 2009 Wis Act 28 made several changes to Wisconsin's prevailing wage laws that increased the number of construction projects covered by the law and created a certified payroll reporting requirement overseen by the department, among other things. While these changes more than doubled the department's workload in enforcing the laws, the Act provided no additional financial or staff resources to handle the increased workload.

The Biennial Budget Bill, if signed as passed by both houses, will increase thresholds from \$25,000 for all projects to \$48,000 for single-trade projects and \$234,000 for multiple-trade projects.

This bill increases the threshold for project coverage to \$50,000 for single-trade projects and \$250,000 for multiple-trade projects.

The Biennial Budget Bill, if signed, will also remove the requirement that contractors submit electronic certified payroll records. This bill also removes that requirement.

The Biennial Budget Bill, if signed, will remove the requirement that complainants be charged the cost of investigation only if DWD finds that the complaint was frivolous and also removes any other charges that could apply to the complainant.

This bill, if passed as intended, would reinstitute a charge (as existed pre-2009 Act 28) to complainants where DWD finds that the contractor was operating in compliance with the prevailing wage laws.

This bill also modifies the calculation of prevailing wage rates and eliminates the requirement that DWD order payment of liquidated damages.

This bill also exempts from coverage under the prevailing wage law municipalities with populations of less than 10,000 and projects involving residential properties containing two dwelling units or fewer.

With passage of this bill, the department will see a workload reduction because it will be issuing fewer project determinations. This, however, will have no impact on resources or staff positions because the agency saw no increase in its budget with the passage of 2009 Wis Act 28. Moreover, these changes would not decrease workload to pre-Act 28 levels.

Passage of this legislation will decrease the number of construction projects that would be covered under the state prevailing wage laws. This means that local governmental units will have to apply for fewer project determinations which will save them processing costs. Local governmental units may experience decrease in construction costs, but, to the extent that prevailing wage rates reflect the rates paid locally, there should be no savings by having certain projects not covered by the laws.

Passage of this legislation will require the department to spend at least \$2,000 to publicize the changes to the law and to adopt new regulations modifying the threshold annually. Additionally, the department will have to spend at least \$10,000 to modify its systems to allow the application of different project thresholds to different project types.

### Long-Range Fiscal Implications

None.

## Fiscal Estimate Worksheet - 2011 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

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<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>  Passage of this legislation will require the department to spend at least \$2,000 to publicize the changes to the law and to adopt new regulations modifying the threshold annually. Additionally, the department will have to spend at least \$10,000 to modify its systems to allow the application of different project thresholds to different project types.		
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>
		Increased Costs      Decreased Costs
<b>A. State Costs by Category</b>		
State Operations - Salaries and Fringes	\$0	\$
(FTE Position Changes)		
State Operations - Other Costs		
Local Assistance		
Aids to Individuals or Organizations		
<b>TOTAL State Costs by Category</b>	<b>\$0</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>		
GPR	0	
FED		
PRO/PRS		
SEG/SEG-S		
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>		
	Increased Rev	Decreased Rev
GPR Taxes	\$0	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
<b>TOTAL State Revenues</b>	<b>\$0</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$0	\$
NET CHANGE IN REVENUE	\$0	\$
<b>Agency/Prepared By</b>		
<b>Authorized Signature</b>		<b>Date</b>

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6/24/2011