

Fiscal Estimate Narratives

DPI 11/20/2013

LRB Number	13-3327/1	Introduction Number	SB-358	Estimate Type	Original
Description Exempting from the prevailing wage law public works projects erected, constructed, repaired, remodeled, or demolished for a school district or for a cooperative educational service agency					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, laborers, workers, mechanics, and truck drivers employed on the site of certain state or local projects of public works (generally single-trade projects whose estimated cost of completion is \$48,000 or more and multiple-trade projects whose estimated cost of completion is \$100,000 or more) must be paid at the rate paid for a majority of the hours worked in the person's trade or occupation in the county in which the project is located, as determined by the Department of Workforce Development (prevailing wage law).

This bill exempts from the prevailing wage law a project of public works that is erected, constructed, repaired, remodeled, or demolished for a school district or for a cooperative educational service agency (CESA), except that the bill does not preclude a school district or a CESA from choosing to comply with the prevailing wage law in the same manner as any other local governmental unit contracting for the erection, construction, repair, remodeling, or demolition of a project of public works is required to comply with that law.

Under current law, if the governing body of a school district adopts a resolution to raise money by bond issue or by borrowing money from the common school fund under a certificate of indebtedness, the school district clerk must publish notice of that adoption. The notice must state the maximum amount proposed to be borrowed, the purpose of the borrowing, and when and where the resolution may be inspected.

A referendum must then be held on the resolution, unless certain circumstances apply. If a referendum is held, the referendum question must indicate the purpose for which the bonds or certificate of indebtedness is to be issued and the maximum amount of the bonds or certificate of indebtedness to be issued.

This bill requires notice of a resolution to raise money by bond issue or by borrowing money from the common school fund under a certificate of indebtedness for the erection, construction, repair, remodeling, or demolition of a project of public works to which the governing body of a school district intends to apply the prevailing wage law, and the referendum question on such a resolution, to indicate that the maximum amount proposed to be borrowed is based, in part, on application of the prevailing wage law to that project.

State Fiscal Impact:

There is no fiscal impact on the department.

Local Fiscal Impact:

To the extent that a school district or CESA chooses to pursue projects at less than the prevailing-wage, they may save money. However the exact amount of savings will vary by project based on scope, geographic area, and other economic factors .

In the 2011-13 biennium, there were 51 school district referenda approved statewide for the issuance of debt for a total of \$562,055,000, an average of \$11,020,686.27 each.

It is unknown how many school districts will choose to pursue referenda for projects based on application of the prevailing-wage law and how many will choose to pursue referenda for projects that are not based on the prevailing-wage law. It is also unknown how many referenda will be approved by voters in the communities that choose to pursue projects that are or are not based on application of the prevailing-wage law. Therefore the overall impact on the number and amount of approved referenda for building projects is indeterminate.

The fiscal impact on local school districts and CESAs is indeterminate.

Long-Range Fiscal Implications