

Legislative History for Connecticut Act

**PA 14-44**

SB318

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Thank you, sir, and I hope that your -- your scout group enjoys their tour of the Capitol. We wish them well.

And now we will return to the -- any other announcements or introductions?

We will return to the call of the Calendar, and will the Clerk please call Calendar Number 464.

THE CLERK:

On page 25, Calendar Number 464, favorable report of the joint standing Committee on Government Administration and Elections, Substitute Senate Bill Number 318, AN ACT CONCERNING ELECTRONIC PREVAILING WAGE NOTICES, INFORMATION AND RECORDS.

DEPUTY SPEAKER ORANGE:

Representative Tercyak.

REP. TERCYAK (26th):

Thank you very much, Madam Speaker.

This an act concerning electronic wage notices information and records. Presently there are notice that get filed by businesses and by municipalities with the Department of Labor and they all have to be -  
- and they all have to be filed by --

I'm sorry. I move we accept the joint -- the joint committee's report and move for passage of the bill.

DEPUTY SPEAKER ORANGE:

The question before the Chamber is on acceptance of the joint committee's favorable report and passage of the bill.

Will you remark, Representative Tercyak?

REP. TERCYAK (26th):

I thought I did last time but I was wrong. I'll try again.

Many businesses and municipalities involved in construction projects have to send information to the Department of Labor. Right now it's required -- it's required that it be done through the mail and people complain about it taking more time. It's too slow, it's inefficient, it -- businesses don't like it.

We've listened. This a proposal to allow certain notices and filing to be sent electronically. It includes notice from the state or municipality to the Department of Labor that a contractor is no longer allowed on a job, notice of -- of a state or municipality certification of a project's total cost and for employers, especially the monthly certified

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payroll records and other certifications that they now have to mail to the Department of Labor.

It also specifies that employers on certain jobs can keep their required payroll records in an electronic format which is one of the things that -- that employers and companies complained about.

This passed without any no votes in Labor. It passed unanimously in GAE and the Senate passed it unanimously and I'm hoping we can get it through this Chamber too.

Thank you very much, Madam Chair.

DEPUTY SPEAKER ORANGE:

Thank you, Representative Tercyak.

Will you care to remark further on the bill before us?

Representative Smith, the ranking member of Labor, you have the floor, sir.

REP. SMITH (108th):

Thank you, Madam Speaker, good evening.

DEPUTY SPEAKER ORANGE:

Good evening, sir.

REP. SMITH (108th):

You know we had a informational hearing about prevailing wage in the great city of New Britain back

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in the fall. And it's been a while since I've been to New Britain so it was a good opportunity for me to get back there. I'd been there visiting some friends in my college days but it had been a while and was very impressed with the town hall and the great presentation that they provided for us at the forum.

Members of the business community, members of the construction industry, members of the union, members of the Labor Committee were all invited for the purposes of discussing prevailing wage and we did that and it was supposed to be a short meeting but you know how that goes.

So the meeting carried on for I would say most of the day into the afternoon and we heard a lot from many different people. And we -- from that we received some good information.

Now one of the pieces of information that we did receive was that the contractors are having difficulty with the compliance of all these reports and having to file them manually. That paperwork, as you can imagine on a significant construction job, is extreme. It can get voluminous and they had difficulty complying.

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So they suggested to us that one of the ways to cure that would be to allow the contractors to file everything electronically. And ladies and gentleman of the Chamber that is what this bill does.

It allows these contractors to file -- file these various reports, reports that are required to show compliance with the prevailing wage laws, to file them electronically.

Some members of the Chamber not having the good fortune of sitting on Labor may not know what prevailing wage is. I know my good chairman over there he knows what prevailing wage is because he's taught me a lot about it and I think I'm going to ask him to educate the Chamber if he would just so we all know what prevailing wage is and really what we're talking about here this evening.

So, through you, Madam Speaker, if the good chairman could describe the prevailing wage statute.

DEPUTY SPEAKER ORANGE:

Representative Tercyak.

REP. TERCYAK (26th):

Why thank you very much, Madam Speaker.

Prevailing wage is a minimum limit that if a job for a municipal or state government goes over a

certain amount, then the wage rate paid to the workers on that job will be what is called the prevailing wage.

Prevailing wage is not the median wage. It's not an -- the -- all the wages for that job put together but is instead the wage that is most often paid for that job classification.

Many states have absolutely no limits about prevailing wage. They believe that if the government is spending its money, then there are certain things we should be doing and whether you're a couple of dollars over a random amount or below shouldn't make a difference in how we treat the businesses.

But in Connecticut we do treat businesses differently. We have the prevailing wage rates. They're a bit separate and different for new construction versus for repairs or substitutions or construction that's added on to what's already there.

And personally I'd be happier if we made it simpler and didn't have these limits but we do and I don't us changing them any time soon so it was good to have the hearing. We listened and what we believe we can get done we are trying to get done in this bill.

Through you, Madam Speaker.

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DEPUTY SPEAKER ORANGE:

Representative Smith.

REP. SMITH (108th):

Madam Speaker, I thank the Chairman for the answer. It's one of the benefits of being here in the Chamber every day we come up here we get to learn something new and it's no exception tonight and it's no exception with the responses.

The prevailing wage in Connecticut, as I just heard, is based on what the wages are paid for that certain type of work and I'm assuming that certain type of community. Perhaps the wages may be different in the City of Bridgeport versus the City of Stamford. I'm not sure if that's true or not so I'll ask the Chairman would the prevailing wage be different for the same type of work in one city versus another city within the State of Connecticut.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Tercyak.

REP. TERCYAK (26th):

Thank you, Madam Speaker.

If the good representative could please repeat the question I'd appreciate it.

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DEPUTY SPEAKER ORANGE:

Representative Smith.

REP. SMITH (108th):

I'd be happy to. And the question goes more to the extent of whether the prevailing wage, which as I understand it is a wage that's paid on what's prevailing in that community, I'm wondering whether the prevailing wage might be different in the City of Stamford for the same type of work then perhaps the City of Bridgeport or New Haven or Hartford.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Tercyak.

REP. TERCYAK (26th):

Thank you very much, Madam Speaker.

Through you, Madam Speaker, I'm not sure if it's different between Bridgeport and New Haven but yes it is possible to have different prevailing wage rates in different areas of the state. That's just the way wages go -- wages go in the state for many jobs and it applies to construction too.

Some of the more expensive places have higher average wages and higher prevailing wages too.

Thank you very much, Madam Speaker.

Through you.

DEPUTY SPEAKER ORANGE:

Representative Smith.

REP. SMITH (108th):

And, Madam Speaker, just some questions along this line. The prevailing wage I'm assuming it's determined by somebody based on some type of data I would assume. And where does all that come from? So if -- if a plumber is out there doing what a plumber does, how does one determine what the prevailing wage for that type of profession would be?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Tercyak.

REP. TERCYAK (26th):

Thank you very much, Madam Speaker.

The Department of Labor has jobs in the state divided into different classifications and job titles. They're generally in line with the federal government doing the same thing. We often see the same lists again and again.

Also the government, either the state Department of Labor and in addition the federal Department of Labor have information on what wages have been --

being paid in the past year -- or actually the past practically forever.

But they look at recent wages paid, people's payrolls, how many people it's being divided by and find out what is the rate that is most often paid. But it's with -- it's with the figures they already take. This is one of the reasons that we -- that contractors want this information to be able to be sent to electronically so that the -- they understand the Department has its needs and has to keep track of things and update their -- their figures and calculations.

But should that really involve somebody having to keep paper records when there are computers now? The contractors thought not and we decided to agree.

Thank you very much, Madam Speaker.

Through you.

DEPUTY SPEAKER ORANGE:

Thank you, Representative Tercyak.

Representative Smith.

REP. SMITH (108th):

Madam Speaker, thank you once again and I again thank the Chairman for the explanation for the Chamber. The Chairman mentioned before that I think

it applies both to new construction and renovations and just want to get a clarification on whether that is true or not. Whether it just applies to one or the other or both.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Tercyak.

REP. TERCYAK (26th):

Thank you very much, Madam Speaker.

My colleague is correct when he talks about there being the two different kinds of constructions.

There's repair and renovation projects which do have a prevailing wage and there's also new construction projects which have a prevailing wage and they have different thresholds for a -- for a trigger for when the prevailing wage will -- will apply.

Thank you very much, Madam Speaker.

DEPUTY SPEAKER ORANGE:

You're welcome, Representative Tercyak.

Representative Smith.

REP. SMITH (108th):

And those thresholds, Madam Speaker, are -- are what?

Through you, Madam Speaker.

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DEPUTY SPEAKER ORANGE:

Representative Tercyak.

REP. TERCYAK (26th):

Thank you very much, Madam Speaker.

The thresholds for repair and renovation projects are \$100,000 or more and new construction projects have to cost \$400,000 or more before they qualify for being subject to the prevailing wage laws.

Thank you very much, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Smith.

REP. SMITH (108th):

And again thank the Chairman for his answers and just a few more follow-up questions if I may. The -- the -- just so I'm sure in terms of the prevailing wage, must it be a municipal project or a state project or either or. How does that work?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Tercyak.

REP. TERCYAK (26th):

Thank you very much, Madam Chair.

It has to be a project that is being funded with government money. So a job on one of our campuses

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could also qualify as a prevailing wage project even though it's not municipal -- I guess that would count as state though so the good Member is correct.

It's when government funding is involved paying for the projects that these rules apply. It's not for things that are being done in the private sector without government funding.

Through you, Madam.

Thank you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Oh you're welcome. Look above. Look above.

Representative Smith.

REP. SMITH (108th):

Thank you -- thank you, Madam Speaker.

Oh boy. Well, you throw my train of thought off there with that, Madam Speaker, but I'll try to regroup.

The -- oh I know what I was -- my next question was along the -- the government line. So in terms of the -- the government, when we're talking about government spending, are we talking about state funded projects or if a municipality like the Town of New Fairfield wanted to build an addition to their school, which is funded solely by taxpayer dollars from the

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Town of New Fairfield, would in that instance -- would that instance require a prevailing wage?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Tercyak.

REP. TERCYAK (26th):

Thank you very much, Madam Speaker.

I think that's a fine example of a construction project that would be subject to the prevailing wage laws. Either a new school or repairs -- well if they meet the monetary requirements for \$100,000 for repair or \$400,000 for new construction, then yes the prevailing wage rates would apply and the prevailing wage rates are determined by the Department of Labor through -- near constant monitoring of wage rates.

Thank you very much, Madam Speaker.

Through you.

DEPUTY SPEAKER ORANGE:

Representative Smith.

REP. SMITH (108th):

And thank you, Madam Speaker.

And I'm just wondering whether the -- the \$100,000 threshold and the \$400,000 threshold do they change from year to year or is -- is that number fixed

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or does it change based on project or how does that work?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Tercyak.

REP. TERCYAK (26th):

Thank you very much, Madam Speaker.

These thresholds, which Connecticut has which are not standard across the country, there are many states that have no thresholds at all, but every single project that's paid for with, including government funds, the prevailing wage rate applies to.

But in Connecticut these limits, again the \$100,000 for new or -- I'm sorry for repairs or renovation and the \$400,000 for new construction, those have probably existed too long. But we're neither going to do away with them nor index them at least not now, so they remain the same as they have for the past few years at the very least.

Thank you very much, Madam Speaker.

Through you.

DEPUTY SPEAKER ORANGE:

Representative Smith.

REP. SMITH (108th):

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Madam Speaker, I -- I heard the chairman -- most of the chairman's reply. I heard we may either do away with them or, and that's where I kind of lost the rest of the conversation. So if the good chairman could just repeat that last section of his answer I would appreciate it.

Through you.

DEPUTY SPEAKER ORANGE:

Representative Tercyak, the last segment of that and did you look above?

REP. TERCYAK (26th):

Thank you very much.

I was referring to the possibility of indexing the prevailing wage requirement of 100,000 or 400,000 so that it would go up annually and I said how we are not doing that and so the good person -- my good ranking member is correct when he refers to the rates remaining the same.

Thank you very much.

DEPUTY SPEAKER ORANGE:

Thank you, Representative Tercyak.

Representative Smith.

REP. SMITH (108th):

And, Madam Speaker, I'm happy to hear the concept of indexing. I was hoping this would come up this evening in -- in our discussions so there's always next year. I know that's not part of this bill.

I -- I do want to thank the chairman for his -- his courtesy and cooperation in answering my questions. I tried not to delve too deeply but I think it's important for the Chamber to understand the prevailing wage and -- and what we're talking about here.

This bill will help our construction industry. It's a good bill and I ask my colleagues to support it.

Thank you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Thank you, Representative Smith.

Will you care to remark further on the bill before us? Will you care to remark further on the bill before us?

Representative Miner.

REP. MINER (66th):

Thank you, Madam Speaker, good evening.

DEPUTY SPEAKER ORANGE:

Good evening, sir.

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REP. MINER (66th):

If I might, a couple of questions through you to the proponent of the bill please.

Through you.

DEPUTY SPEAKER ORANGE:

You may. Please proceed.

REP. MINER (66th):

Thank you, Madam Speaker.

Madam Speaker, in line -- I believe it's 100, there's a reference to the time requirement at which the contracting authority, and I would gather in this case it must be the state or the municipality, would have to forward some information to the Department of Labor.

And if I could, through you, it speaks about thresholds. If the gentleman could tell me is that for the total value of the project? So on line 100, I think it is, it talks about submitting some information to the Department of Labor based on the total value of the work to be accomplished. I think it starts on line 99.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Tercyak.

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REP. TERCYAK (26th):

Thank you very much, Madam Chair.

And thank you to the questioner for telling me which line and yes we are not changing the part of the law that says -- that talks about reporting the costs of a public works project as it says regardless of whether such projects consist of one or more contracts.

So it wouldn't be okay when building a new building to keep under the \$400,000 limit by dividing the job into separate contracts and saying that each contract is not subject to the prevailing wage because it's individuals. They don't break the \$400,000 line for new construction but in total they do. So it is the total.

Thank you very much.

DEPUTY SPEAKER ORANGE:

Representative Miner.

REP. MINER (66th):

Thank you, Madam Speaker.

And so staying on that theme, so assuming the threshold is 400,000 and the obligation is to notify the Department of Labor, through you, if the value of the bid contract is 300,000, all in is the estimate,

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does that have to then be reported to the Department of Labor?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Tercyak.

REP. TERCYAK (26th):

Thank you very much, Madam Speaker.

And if I have misunderstood the question I will try again if you'll let me know. But if I understand the question, if a public works project is new construction and is \$300,000 or any other amount below the \$400,000 threshold, then prevailing wage rates do not have to apply.

Thank you very much, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Miner.

REP. MINER (66th):

Thank you, Madam Speaker.

And so if they don't apply, then the language that's being changed on the next two lines would not pertain as well?

Through you, Madam Speaker.

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So there's no reason than either electronically or in writing to communicate to the Department of Labor? Is that correct?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Tercyak.

REP. TERCYAK (26th):

Thank you very much, Madam Chair. I mean -- I'm sorry, Madam Speaker.

Yet again I'm not sure I understand the question perfectly although I heard it correctly. And I think that the answer, if I understand it correctly, is that once it's been decided that a -- that a municipal or state project is not subject to the prevailing wage rules because it does not pass the threshold where prevailing wage rates kick in.

They will not have to be reporting the wages paid to the Department of Labor. The Department of Labor is busy enough and while they will in fact do wage surveys, they will not requiring every single employer who does any job of any size with government money to be reporting on the wages that they're paying and the other requirements that might come about through the prevailing wage law.

I hope that's helpful and, if not, I'm anxious to try again.

Through you, Madam Speaker, thank you very much.

DEPUTY SPEAKER ORANGE:

Representative Miner.

REP. MINER (66th):

Thank you, Madam Speaker.

That was very helpful and I do agree with the gentleman in terms of the Department of Labor being a very busy department, very busy agency within the State of Connecticut giving everything that they are dealing with both with unemployment being what it is, trying to help people find jobs, re-educate people, retrain and then of course try and maintain some semblance of order when it comes to these wage rates.

And so, through you, if we then go to the what I'd call the refurbishment level, which I think the gentleman spoke about as being 100,000, so if somebody was doing a refurbishment on a building and the bid came in at 85,000, would the same set of rules apply, through you, Madam Speaker, and those being that the municipality and the contractor would not have hit the trigger and therefore they would not have to file anything either in writing or electronically?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Tercyak.

REP. TERCYAK (26th):

Thank you very much, Madam Speaker.

And yes for renovation or refurbishing the amount that the project has to reach for prevailing rates to apply is \$100,000 as opposed to the \$400,000 for new construction.

If a project of -- actually either one is \$85,000, it would be below both limits and the contractor would not be required in writing or electronically to be producing payroll records for the prevailing wage qualifications.

I hesitate to say they would have to submit nothing because I'm willing to not know about a form that says hey the government is spending some money but don't worry about it, it's not that much.

So not knowing for sure because that wasn't part of what we were addressing in this bill, that's the answer, \$85,000 should be below both rates and not kick in these requirements either for the contractor or the -- or a municipality for instance.

Thank you very much, Madam Speaker.

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Through you.

DEPUTY SPEAKER ORANGE:

Representative Miner.

REP. MINER (66th):

Thank you, Madam Speaker.

And I thank the gentleman and so if the -- if the project goes out to bid and let's say they're on the job replacing a roof and the bid looks like it's going to exceed, and I'm imagining that there might be a month of payroll that's already gone out the door, through you, if the gentleman knows how does -- does this job convert from a nonprevailing wage job a prevailing wage job once that threshold has been exceeded?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Tercyak.

REP. TERCYAK (26th):

Thank you very much, Madam Speaker.

If I could back up for just a bit, I have found the language that confirms that where the total cost of all work to be performed by all contractors and subcontractors in connection with the construction is less than the trigger amounts, the -- in connection

with modeling, refinishing, refurbishing, rehabilitation, alteration or repair in -- of a public works project for the lower amount or new construction for the higher amount, that the provisions of the section on prevailing wage shall not apply.

We are talking about the total cost of work and the good speaker is insightful reminding us that sometimes the cost is not what was originally projected. Things -- a wall gets knocked down and you find something you didn't expect is behind it. No -- you start construction and find out that the ground is not as -- as stable as you thought it was and it needs something else to be done.

These things, should they drive up the cost of the project beyond the trigger amounts, they would become prevailing wage -- wage projects. It's not enough to have an estimate that is originally below a prevailing wage project and in all good faith and the estimate done correctly I might say.

I'm not -- we're not talking about anybody trying to do anything wrong here. I want to make that perfectly clear but construction is the tough industry it is including being able sometimes to accurately price costs for the job.

So should costs change because requirements are changing, or other things change, than yes a job could become a prevailing wage job.

Also there are times when, for instance, a school district or a municipality might think of something as a renovation or repair when, in fact, others will get the job and say no that's new construction to replace something that was there entirely and in those situations we get the give and take about how much the limits are before prevailing wage kicks in as the decision has to be made whether something is, in fact, new construction or whether it's renovation.

Thank you very much.

Through you, Madam Speaker, I hope that was a little bit helpful.

DEPUTY SPEAKER ORANGE:

Representative Miner.

REP. MINER (66th):

Thank you, Madam Speaker.

That was very helpful. And so in line 98 it -- it uses the words prior to the award of and, through you, in that circumstance where the contract at the time the award was made didn't reach the trigger, didn't reach the threshold let's say in this case of

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\$100,000, and the contractor was under no obligation to either, in writing or electronically, provide detailed information in compliance with state labor law and I -- I gather maybe federal labor law depending on whether they're state and/or federal dollars.

If the gentleman knows, is there a -- is there a penalty for not having done so prior because at the time it was awarded it didn't reach the threshold?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Tercyak.

REP. TERCYAK (26th):

Thank you very much, Madam Speaker.

I'm checking because I believe Section 53a-157a specific -- talking about just this situation it is clear that -- that it applies if the general contractor knowingly relies upon a false certification of what the costs will be.

So that would not apply in cases where things change and people are surprised. There is no look back for somebody saying you should have been smarter and understood when you knocked that wall down that it would be harder to replace it than it appears to be,

that it would involve say subsurface shoring up or something that would raise the rate -- the price of the project.

Thank you very much, Madam Speaker.

Through you.

DEPUTY SPEAKER ORANGE:

Representative Miner.

REP. MINER (66th):

So I was trying to follow the gentleman through that and -- and is the short answer that there would be no penalty because the threshold of prior would not occur until he actually exceeded the limit of \$100,000. So it wasn't the date at which the original contract was awarded and, therefore, all the requirements in this would not have been triggered.

It would have been when you became aware that you are going to exceed the threshold and from then on is there a timeframe where you are allowed to gather all that information and meet the requirements of the bill as it's laid out here?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Tercyak.

REP. TERCYAK (26th):

Thank you very much, Madam Speaker.

I don't know. That's not within the scope of this bill. That would be present law that we didn't address while we were trying to make things easier for the contractors by switching from required written reports to electronic reporting.

Thank you very much, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Miner.

REP. MINER (66th):

I -- I understand the gentleman's answer but in line 99 we do actually add something that's entirely different than electronic or in writing and that is the addition of the words purchase order, bid package or other designation.

And so what I'm trying to find out is, to the best of your knowledge, you would not have exceeded the trigger of 100,000 when you went out with the bid package yet when the bids came back or you awarded the bid, you still were underneath the trigger and then through some series of change orders you would have exceeded it, that doesn't necessarily trigger some violation that we wouldn't give a contractor or a

municipality an opportunity to correct before being fined or sanctioned in some way.

Through you.

DEPUTY SPEAKER ORANGE:

Representative Tercyak.

REP. TERCYAK (26th):

Why thank you very much, Madam Speaker.

I'm glad I kept my microphone on. I thought we might be done but apparently we're not. I believe that the speaker is correct.

Thank you very much, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Miner.

REP. MINER (66th):

Thank -- thank you, Madam Speaker.

So what -- all I'm trying to figure out is that there are a series of not necessarily transactions but documents that a contractor and the municipality let's say would have entered into, all of which come after the word prior to the award of, and one of them is a bid package, so what I'm trying to figure out is if you put a bid package out on the street and the number comes back at 85,000 and you go to work and at some point along the way 85,000 turns into 110,000, I think

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everyone in the Chamber would agree you've now exceeded the trigger of 100,000 for a repair, I'll call it a roof.

Does that -- does that occurrence violate the word prior on line 98 and would the contractor and the municipality have time to let's say become compliant with this -- this reading at some point after without having violated some code or being fined? I guess that's what I'm concerned about.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Tercyak.

REP. TERCYAK (26th):

Thank you very much, Madam Speaker.

The change mentioned in -- on line 99 adding the words purchase order, bid package or other designation, is to clear up confusion when the old law just said contract. And some people would put out a bid package, it would come back for \$500,000 but because it was not a contract, they'd be saying oh the rules don't apply.

So that's why that is there. It is not an expansion of the present practice but a clarification of -- a contract is the -- is a contract is a contract

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and so are some other things in ways that don't distinguish themselves where the difference is not enough to actually make a difference.

The difference between a purchase order and a contract is not enough to say that a purchase order wouldn't apply when a contract order does.

Now beyond that for the other changes that the good representative is asking me about, again that seems to be beyond the scope of this bill and I wouldn't want to accidentally misstate the regulations or practices of the Department of Labor.

Thank you very much, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Miner.

REP. MINER (66th):

Thank you, Madam Speaker.

And so it's -- it's with the addition of those words that I have some -- some trepidation. I think the intent of this bill is good. I think it intends to provide not only the contractor but the -- the company that they're -- the entity that they're doing work for an opportunity to save money, save time, save paper by either filing paperless, electronically or through the mail theoretically via paper.

But at the same time within this bill, there have been some words added which I understand the chairman of the Labor Committee to have pointed out were intended to clarify that if the -- if -- if the Labor Department was being held to a standard of only a contract, then we wanted to make it clear that if the bid package looks like it's going to exceed 100,000, you don't send the bid package out and award the bid and then end up with a problem later down the road that takes a lot of effort to fix.

So those would be two different things I think and that's what I was trying to get at with -- with the good gentleman was 1) when -- when all that paperwork came back clearly exceeding the threshold, everyone would know that you need to do it on day 1 in terms of the filing responsibilities, recording responsibilities, but if it didn't, there's a process in place where you could become compliant because no one would know.

Even though we've added these words in an effort to make it clear, we weren't expecting the town to get off the hook or the contractor to get off the hook if the number was over 100,000 on a -- on a bid package in those cases where it was under and then may have

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exceeded it later they were going to get a chance to fix it.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Tercyak.

REP. TERCYAK (26th):

Thank you very much.

I think that the speaker has described that rather well and I'd invite when he's done asking questions to come over here and help me answer them. I'm not feeling like I'm the man with more answers here than -- than others.

But I would have to say that when the bill talks about contractors knowingly paying less and things like that, it is acknowledging the fact that everybody agreed that this was a job that was going to be under the threshold. Everybody is aware in construction maybe more than many things about how costs can change.

And when somebody -- the important part is that when people are aware that it is going to exceed the threshold, it does have to be report -- the new amount does have to be reported and so that prevailing wage rate will apply.

I don't know -- as far as I know there isn't a law that says you've got 48 hours or else. I believe that since this would be an instance of people doing their best and then finding things change, doing your best still counts for something and that, if some -- if somebody reports it in a reasonable time, we can expect that there shouldn't be any trouble because they wouldn't have been knowingly paying less on purpose by not paying prevailing wages.

They would have been paying the rate that they thought could be appropriate because nobody believed it was a prevailing rate job. It didn't say in writing it was a prevailing wage rate job. It fact said in writing that it was less than the threshold that would kick in the wages at the prevailing rate. And I believe that's why it repeatedly talks about knowingly.

Thank you very much, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Miner.

REP. MINER (66th):

Thank you, Madam Speaker.

And I -- and I thank the gentleman for his thorough answers. Later on in the bill, lines 119

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through line 121, there's some language about keeping records electronically and having the option. I like the word option. I think the municipalities that came here and might have provided testimony thought that was a good option for people to have.

It may very well be that the project is low enough where someone may still want to do it by paper. But in the case where there may be some savings, people might think it's better environmentally to keep them electronic.

I think that was one of the comments that I heard from the Department of Labor that actually they favored that because it made audits and things like that even easier. You can just either send it online or plug the little thing in the side of the computer and everybody's got the information. No more trees cut down.

So, Madam Speaker, I -- I think the question -- you know the questions that I asked with regard to the thresholds and the answers that were given I would hope are helpful to people as they go through this process.

As the gentleman said the intent of the law, the change in the language, was really to provide people

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an opportunity to avail themselves of new technology. But also in that section earlier where the gentleman spoke I think rather eloquently about bid packages being included and the like because somehow there was a misunderstanding between contractors and municipalities and quite clearly I think the Department of Labor knew that there wasn't someone trying to get around the law. It just wasn't clear.

And so rather than have people be angry about -- I think the chairman's talked about good people doing good things, rather than people being looked upon as having constructed something in the record which would lead to a fine or a penalty or getting kicked off a list for doing work, this language actually helps people by making it more clear.

I do thank the gentleman for his answers. I intend to support the bill and I thank him for his work on this bill while it was in Committee.

Thank you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Thank you, Representative Miner.

Will you care to remark further on the bill before us? Will you care to remark further on the bill before us?

Representative Aman, good evening.

REP. AMAN (14th):

Good evening, Madam Speaker.

I will have some questions for the proponent of the bill as I'm sure he's enjoying standing up there answering.

Looking through the bill, parts of it are very simple but other parts I know the municipalities and contractors have been having a fair amount of problems with some of the language that has been in statute for a while and I'm very pleased that the proponent of the amendment has been willing to discuss the bill in its entirety and the prevailing wage.

I think it helps to understand the complexity of the issue. On that vein, if I'm looking down to lines 13 and 14, the bill says about a prevailing wage it's for the same work in the same trade or occupation. I realize that the state -- or the federal government does a survey, comes up with the prevailing wage and says a plumber receives this amount of money per hour, a carpenter gets this many.

And that's fine for those trades but I'm wondering, through you, Madam Speaker, are there any

trades or jobs that don't have prevailing wage associated with them?

Thank you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Tercyak.

REP. TERCYAK (26th):

Thank you very much, Madam Speaker.

I -- my understanding is that all construction jobs do have prevailing wage rates associated with them. They -- they are divided into sometimes excruciatingly detailed differences that seem very minor between what -- what might appear to -- to be similar work but one is done by a laborer or when it's done by a tradesman or a craftsman.

But the question was are all the -- are there prevailing wage rates for all these jobs and yes there is and when somebody notifies the Department that they're looking at a bid for a job or they're putting -- they want to put a job out to bid that's going -- that they expect to exceed these contracts, the Department will inform them of what the prevailing wage rate is for each of the jobs that will be involved in that construction.

If I could have the indulgence of the Chamber, the Speaker and my good colleague, I do want to refer back to something that Representative Miner said that was close but not exact.

He spoke about the Department of Labor and how they felt about this bill. The Department of Labor testified they are opposed to this bill.

We are not doing this at the request of the Department of Labor. We are not doing this with the approval of the Department of Labor. We are doing this for the contractors.

Thank you for that indulgence. I know there wasn't a question associated with that but I was aware that during the testimony my good friend, the Commissioner of the Department of Labor, Sharon Palmer, stated that they do oppose this bill.

Thank you very much, Madam Speaker.

Through you, and I apologize to the present speaker for getting off track from this question.

Thank you.

DEPUTY SPEAKER ORANGE:

Representative Aman.

REP. AMAN (14th):

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Madam Speaker, I'm very happy to not -- to hear that and I don't want to put words in the prior questioner's mouth but I have a feeling that the question I'm going to ask is going to be the same one he would have hearing that information at the time.

Why would -- through you, Madam Speaker, why would the Labor Department not want things in electronic format since today very few organizations want things in written format because they want to be able to go electronically -- to electronically to be put it into their computers.

So through you, Madam Speaker, why was the Labor Department opposed to receiving information electronically?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Tercyak.

REP. TERCYAK (26th):

Thank you very much, Madam Speaker.

I believe that the Department's objection was more based not on receiving information electronically but what they -- what they may or may not be required to do electronically in response to that.

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The Department of Labor works very hard to be helpful with -- with government entities that are doing construction where prevailing wage rate would apply. They post -- they set the prevailing wage rate regularly. I believe it's -- it's sometimes as often as two weeks and the -- the U.S. Department of Labor actually issues the prevailing wage rate schedule.

And while they are often updated every two weeks by law, they can be changed at any time to be updated and be more accurate. That could a change either upward to downward but I don't -- while the Department was not enthusiastic about having to get information electronically when they didn't think they were ready for it but we do on the Committee, I believe that their objections were mostly to the idea of trying to electronically communicate something that would stand for longer than it should based on the changes that could come from the Department of Labor.

Although they did seem to clearly prefer the mail than to be getting these things -- than to be getting the same information electronically.

Thank you very much, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Thank you sir.

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Representative Aman.

REP. AMAN (14th):

Yeah on the same subject I'm kind of surprised that they're against it because as a small business owner I've become very annoyed at the Department of Revenue Services and several others within the state that require electronic responses and I'm looking at a form that takes me two or three minutes to fill out with pen -- with a pen and send it in with a stamp and having to figure out how their website works and how -- where the form is and how to get it to work and not crash. I have been annoyed regularly trying to fill out some of the forms:

So that they don't want to go this way in some ways surprises me. But going back at the trades and -- and occupation, it was mentioned that there is a tremendous number of different trades listed on a small project especially that would have a overlap of people doing more than one job during the course of construction, even -- maybe even the course of -- during the day.

If there's different prevailing wage for different trades and someone is doing some work during the day in one and some work during the day in the

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other, how does the employer calculate what the individual is -- is going to be paid at what rate and what type of records do they have to have?

Is it between 9:00 and 9:30 he worked at this rate and then between 12:00 and 3:00 he worked at this rate. How exact does the contractors have to keep this type of hourly record?

In the normal nonprevailing rate job, you have one rate for somebody and that's what they get paid regardless. But here your -- your employer really doesn't have a choice. He has a rate that he has to pay regardless.

So through you, Madam Speaker, how -- when someone works different jobs during the -- even the same day, how is the rate determined?

DEPUTY SPEAKER ORANGE:

Representative Tercyak.

REP. TERCYAK (26th):

Thank you very much, Madam -- I'm sorry, excuse me, thank you very much, Madam Speaker.

I don't know. That's not within the scope of this bill.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Aman.

REP. AMAN (14th):

I realize that. I was hoping that through other knowledge that the head of the Labor Committee had he would know how to do it since I have had contractors spitting and sputtering trying to figure out how to pay their -- their truck driver, backhoe operator and laborer all in the same day on a job.

One of the things in lines 32 to 34, they talk about fines of \$2,500, not more than \$5,000 for each offense. Somewhere else they actually talked about a prison sentence for missing -- violating certain labor rules.

But going on the -- just on these fines here for a general contractor that violates the rules, more and more towns and municipalities are serving as their own general contractor.

If they happen to fall -- follow these rules, who pays the fine or what is the Labor Department doing with that and that's becoming, especially in the small towns, at only that \$100,000 threshold, more and more of an active possibility?

So through you, Madam Speaker, how if a town violates the law, how is the punishment put forward?

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DEPUTY SPEAKER ORANGE:

Representative Tercyak.

REP. TERCYAK (26th):

Thank you very much, Madam Speaker.

Through you, that's a very good question but it's not within the scope of what we're proposing in the bill and I would hesitate to -- to hazard a guess and possibly be wrong.

Through you, Madam Speaker. Thank you.

DEPUTY SPEAKER ORANGE:

Representative Aman.

REP. AMAN (14th):

The -- the purchase order bid package, et cetera, either have to be done -- again could be done in either written or electronically form. If the total of a bid, in the bid package that they talk about, the town estimates is going to come in at 110,000 and so therefore they tell people it's going to have to be done at a prevailing wage rate and the bids come in under the \$100,000 threshold, may a town convert their prevailing wage job to a nonprevailing wage job and this is similar to the questions that were asked before but it was when it went from 85 to 110 and not the other direction.

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So through you, Madam Speaker, does -- can a job be changed from a prevailing wage job to a nonprevailing wage job if the total contract price goes below the magic \$100,000 or \$400,000 number?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Tercyak.

REP. TERCYAK (26th):

Thank you very much, Madam Speaker.

And, through you, the language that we are adding or changing here does not address that situation at all.

Thank you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Aman.

REP. AMAN (14th):

The -- the language here does talk, however, about electronic mail and a statement signed by the employer. I don't see anything in the bill that explains how that -- how the statement is to be signed if something is done electronically.

Anything I have done electronically with electronic signature usually has had a fairly long format and explanation of how a signature is done

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electronically and I don't see that and so I'm asking since it is allowed in the -- the language of the electronic mail how the statement is to be signed.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Tercyak.

REP. TERCYAK (26th):

Thank you very much, Madam Speaker.

The contractors and municipalities who testified before us weren't asking us for a definition of an electronic signature. They seem to all know what it meant so we agreed and have changed the requirement from signed in writing on a piece of paper that is mailed to the Department to an electronic signature.

If somebody is worried that their electronic signature might not be a valid electronic signature, they are still allowed to sign a piece of paper and mail it to the Department.

Thank you very much, Madam Speaker.

Through you.

DEPUTY SPEAKER ORANGE:

Representative Aman.

REP. AMAN (14th):

So I take it then the answer it's up to the contractor to decide if the way he is sending in his electronic signature is acceptable to the Labor Department?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Tercyak.

REP. TERCYAK (26th):

Gee, Madam Speaker, that's not what I meant at all. No, the contractor will not decide. The language says electronically. The contractors didn't claim when they were asking for this that they would have difficulty signing things electronically. Signing things electronically are pretty standard right now and it may be an oversight but we did not define electronically in the bill.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Aman.

REP. AMAN (14th):

Yeah later on in the section, like I mentioned earlier, was -- is the fines and a prison term up to five years. The questions I had asked about a

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municipality were answered with an I don't know how that was to be done.

The things above and below value again I think it's a very important part about how this whole bill works and again I received an answer of I either don't know or I don't think that it's proper to answer it because it's not part of this signature.

The whole prevailing wage debate has gone on over years and it is definitely one of the ones that separates this Chamber and its members and that's somewhat on political lines but not always. I think it's as much of a split between small towns and large towns on how to -- it's done.

My own experience with -- with -- dealing with it, I don't have any personal problems with the larger jobs. I do have a lot of problems when jobs are done that are fairly small. The complications of it, when we were talking about the size the job, gets to be very complicated because if you're doing a project and you're doing it over a three of four year period, it's not very clear as to when the job totals above or below that amount.

So if -- obviously if you do the -- the work all in one contract, it's very clear. If you do the work

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in a series of contracts and they're kind of going on simultaneously or one after the other, it's very clear. But if you're doing some work during this building season and then some work during next building season and then you skip a building season and do some more work, it's very unclear whether that may or may not be a prevailing rate job.

So I -- I thank the proponent for his answers. I know that there are probably many more of us that have questions on the whole idea of prevailing wage and how it is to be administered.

Thank you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Thank you, sir.

Will you care to remark further on the bill before us? Will you care to remark further?

Representative LeGeyt, you have the floor, sir.

REP. LEGEYT (17th):

Thank you, Madam Speaker, and good evening to you.

DEPUTY SPEAKER ORANGE:

Good evening.

REP. LEGEYT (17th):

A comment perhaps and then some questions to the proponent of the bill if I may.

DEPUTY SPEAKER ORANGE:

Please proceed.

REP. LEGEYT (17th):

Thank you, Madam Speaker.

We spend a lot of time here creating law. We have various justifications for doing so. Sometimes there's an urgency. Sometimes it's expedient. Sometimes it's preferential. Sometimes some of us wonder what the necessity is for a piece of legislation that's put forward.

As I look at Senate Bill 318, which essentially modifies Section 31-53 of the statutes, I notice that the changes that are in here are permissive. They're not mandatory. They are optional and I'd like to know, Madam Speaker, if what I'm understanding is truly the case.

Through you.

DEPUTY SPEAKER ORANGE:

Representative Tercyak.

REP. TERCYAK (26th):

Thank you very much, Madam Speaker.

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Through you, the good representative is entirely correct. This is permissive and not mandatory. If a contractor, for whatever reason because of -- they're a small subcontractor or because they just like paper better than machines, chooses to still report on paper, than that is allowed. They are not forced to be -- be communicating electronically.

Thank you very much, Madam Speaker.

And please thank the questioner for the question and the comments.

DEPUTY SPEAKER ORANGE:

Representative LeGeyt.

REP. LEGEYT (17th):

Thank you so much, Madam Speaker.

And I appreciate that answer.

DEPUTY SPEAKER ORANGE:

Hang on just a second.

Representative Aresimowicz.

REP. ARESIMOWICZ (30th):

Thank you very much, Madam Speaker.

I'm going to move to pass this bill temporarily.

DEPUTY SPEAKER ORANGE:

The motion is to move the bill temporarily. So  
ordered.

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SPEAKER SHARKEY:

Absolutely, sir.

REP. BETTS (78th):

SPEAKER SHARKEY:

Happy to do that. That's fine. Happy to do that.

Are there any other announcements or introductions?

If not, Mr. Clerk, let's return to the Calendar. Would you please recall Calendar 464.

THE CLERK:

Calendar 464, page 25, favorable report of joint standing committee on Government Administration and Elections, Substitute Senate Bill 318, AN ACT CONCERNING ELECTRONIC PREVAILING WAGE NOTICES, INFORMATION, AND RECORDS.

SPEAKER SHARKEY:

Representative Tercyak.

REP. TERCYAK (26th):

Thank you very much, Mr. Speaker. I move for acceptance of the joint committee's favorable report and passage of the bill in concurrence with the Senate.

SPEAKER SHARKEY:

The question is acceptance of the joint committee's favorable report and passage of the bill in concurrence with the Senate.

Will you remark, sir?

REP. TERCYAK (26th):

Yes, Mr. Speaker. Thank you very much. As mentioned this is a bill about electronic prevailing wage notices, information, and records. After having hearings and listening to the business community, we figured out a way to be helpful. People always complain about the paperwork, well, we've turned it into electronic work which -- which folks who testified in front of us said would be a big help.

This is about prevailing wage notices, and I'm not sure everybody understands what prevailing wage is and how wonderful it is for our communities.

Prevailing wage -- prevailing wage is the most frequently paid wage for a position. Once upon a time it engendered no debate at all to pay prevailing wage. It was neighbors being nice to each other and building a community much like we just finished doing with our nice dress-down day and our donations.

I think this is a great bill. We should do more stuff like support prevailing wage for our working

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neighbors. We should do more to help our neighbors who want to work and are not working yet through no fault of their own. And we should work hard at educating our children and seeing if we can't do a little better for them next year than we're doing right now. Thank you very much, Mr. Speaker. I move adoption.

SPEAKER SHARKEY:

Thank you, sir.

Would you care to remark further on the bill that is before us?

Representative Smith.

REP. SMITH (108th):

Mr. Speaker, thank you. And, you know, there is a lot going on in the -- in the Capitol today and some people may have missed the discussion before. But for those who were out of the Chambers, this is a good bill and it ought to pass and hopefully it will pass now. Thank you, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, sir.

Would you care to remark? Would you care to remark further on the bill before us?

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If not, staff and guests to the well of the House, members take your seats, the machine will be open.

THE CLERK:

The House of Representative is voting by roll.

The House of Representatives is voting by roll. Will members please return to the Chamber immediately.

SPEAKER SHARKEY:

Have all members voted? Have all members voted?  
• Will the members please check the board to make sure your vote is properly cast. If all the members have voted, the machine will be locked and the Clerk will take a tally.

Will the Clerk please announce the tally.

THE CLERK:

Senate Bill 318, in concurrence.

Total number voting 143

Necessary for passage 72

Those voting Yea 143

Those voting Nay 0

Those absent and not voting 8

SPEAKER SHARKEY:

The bill passes in concurrence with the Senate.

Will the Clerk please call Calendar 241.

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**PROCEEDINGS  
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On page 33, Calendar 217, substitute for Senate Bill Number 318, AN ACT CONCERNING ELECTRONIC PREVAILING WAGE NOTICES, INFORMATION AND RECORDS. Favorable report of the Committee on Labor and Public Employees.

THE CHAIR:

Senator Holder-Winfield.

SENATOR HOLDER-WINFIELD:

Yes, Madam President, I move acceptance of the Joint Committee's favorable report and passage of the bill.

THE CHAIR:

Motion is on acceptance and passage. Will you remark, sir?

SENATOR HOLDER-WINFIELD:

Yes, thank you, Madam President.

What this bill does is it allows for notices and filings that are required on prevailing wage jobs to be sent electronically. It would therefore be a cost savings. I move adoption -- acceptance.

THE CHAIR:

Will you remark further? Will you remark further?

Senator Markley.

SENATOR MARKLEY:

Thank you, Madam President.

This may not be the change in the prevailing wage law that some of us would like to see, but it makes life a little bit easier for the businesses that are dealing with it, and we appreciate the progress, and I encourage this chamber to lend its support to it.

THE CHAIR:

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Thank you. Will you remark further? Will you remark further?

Senator Holder-Winfield.

SENATOR HOLDER-WINFIELD:

Yes, thank you again, Madam President.

If there's no objection I ask that this be placed on a consent calendar.

THE CHAIR:

Seeing no objection, so ordered, sir.

Mr. Clerk.

THE CLERK:

Also on page 33, Calendar 236, substitute for Senate Bill Number 317, AN ACT CONCERNING EMPLOYEE PRIVACY, FAVORABLE REPORT OF THE COMMITTEE ON LABOR AND PUBLIC EMPLOYEES.

THE CHAIR:

Senator Holder-Winfield.

SENATOR HOLDER-WINFIELD:

Yes, thank you, Madam President.

I move acceptance of the Joint Committee's favorable report and passage of the bill.

THE CHAIR:

Motion is on acceptance and passage.

Will you remark, sir?

SENATOR HOLDER-WINFIELD:

Yes, Madam President.

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that we might proceed to a vote on the Consent Calendar.

THE CHAIR:

Madam would the people please take their conversations outside the chamber so the Clerk can so we can all hear the items on the Consent Calendar? Madam Clerk.

THE CLERK:

Items on the Consent Calendar. Page 1, Calendar Number 325, House Joint Resolution 66, and Calendar Number 326, House Joint Resolution 67.

Page 5, Calendar Number 102, Senate Bill 258. Page 6, Calendar Number 143, Senate Bill 363. Page 10, Calendar Number 287, Senate Bill 257.

Page 16, Calendar Number 368, Senate Bill 262. Page 17, Calendar Number 370, Senate Bill 411, and Calendar Number 372, Senate Bill 463.

Page 19, Calendar Number 391, Senate Bill 154. Page 20, Calendar Number 411, Senate Bill 493.

Page 27, Senate Bill 101, excuse me, Calendar 101, Senate Bill 156.

Page 28, Calendar Number 105, Senate Bill 221, and Calendar Number 115, Senate Bill 291.

And Calendar Number 114, Senate Bill 295.

Page 29, Calendar Number 123, Senate Bill 290. Page 31, Calendar Number 172, Senate Bill 314.

And Calendar Number 169, Senate Bill 70. And page 33, Calendar Number 217, Senate Bill 318.

THE CHAIR:

Thank you, Madam Clerk. Please announce the pendency for roll call vote, and the machine will be open.

THE CLERK:

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There will be an immediate roll call vote in the Senate. All senators report to the Chambers.  
Immediate roll call vote for Consent Calendar in the Senate. All senators report to the Chambers.

THE CHAIR:

Senator Frantz.

Have all members voted? If all members have voted, please check the board to make sure your vote is accurately recorded. If all members have voted, the machine will be closed and the Clerk will announce the tally.

THE CLERK:

Total voting	36
Aye	36
Nay	0
Absent	0

THE CHAIR:

Consent Calendar Number 1 passes. Senator Looney.

SENATOR LOONEY:

Thank you, Mr. President. I would yield the floor for members if there are announcements of any other committee meetings or other points of personal privilege to be announced before adjournment.

THE CHAIR:

Any members with additional announcements or points of personal privilege? Seeing none, Senator Looney.

SENATOR LOONEY:

Thank you, Mr. President. Mr. President, since there are a number of committee meetings tomorrow morning, it's our intention to begin the day with a Senate caucus at noon, and then session to follow. And with that I move the Senate stand adjourned subject to the call of the Chair.

**JOINT  
STANDING  
COMMITTEE  
HEARINGS**

**LABOR AND  
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 COMMITTEE

March 11, 2014  
 2:00 P.M.

CHAIRMAN: Representative Tercyak

MEMBERS PRESENT:

SENATORS: Holder-Winfield, Osten

REPRESENTATIVES: Santiago, Markley, Smith,  
 Esposito, Kiner, McGee,  
 Miner

REP. TERCYAK: -- to our Labor and Public Employees  
 Committee Public Hearing.

We'll begin with Legislators and state agency  
 heads and municipal officials. And while we  
 should not use the three-minute clock, don't  
 think we're not paying attention to how long  
 you're talking, folks.

Let's start with our distinguished Commissioner  
 of the Department of Labor, Sharon Palmer,  
 please.

And is Senator Looney in the room yet? No?  
 Okay.

Representative Cafero? Very good. Okay.  
 Thank you.

COMMISSIONER PALMER: Well, good afternoon,  
 Representative Tercyak.

REP. TERCYAK: And members of the Committee.

COMMISSIONER PALMER: And members of the Committee.

REP. TERCYAK: Thank you.

COMMISSIONER PALMER: (Inaudible) this would be.

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HB5454

establishing these accounts. It's a good opportunity for low-income workers to invest in a retirement savings plan.

I must say, though, the bill has us enforcing the bill. We have no experience with retirement savings accounts, so it would be a - a brand new issue for us to take on. We have no staff with experience in this area and I just want -- want you to know that. 318 -- Senate Bill 318, electronic prevailing wage notices. We are not in favor of that bill.

Prevailing wage notices and information has to be -- has to be done on a case-by-case basis. To simply post those wage scales does not tell the whole story. It is a recipe for -- for serious mistakes to be made in that area and we feel that it should be done on case-by-case conference with -- with the individual firm.

Unemployment fraud, we unfortunately oppose this bill as well. The reason is that it takes us out of conformity with federal law and we would lose significant revenue if we made the changes asked for in this bill.

SB320

Let's see. And let me just say that we cannot allow and adjudicator to offer methods other than offsetting future benefits under -- under the federal law, and I'll leave it at that.

5315, House Bill allowing employers to pay wages using payroll cards. We oppose this for -- for a number of reasons. Beyond just altering the traditional methods, when we're dealing with low wage individuals, oftentimes they don't even have checking accounts, they don't have bank accounts, they don't have experience in dealing with this type of card.

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An elderly couple receives an average monthly income of \$1,780, when we're talking about Social Security, but needs \$2,600 to \$3,500 a month to cover their expenses.

An average Connecticut worker, if they saved more than \$100 a month consistently during their careers greatly increase their ability to age in their homes and enjoy basic economic security at retirement.

Accessible and affordable asset building and retirement planning options are needed to ensure that elders can retire with adequate incomes to meet their basic needs.

We have been working this issue and will continue to work on this issue and thank this Committee very much for a continued conversation and look forward to working with you.

REP. TERCYAK: Thank you very much.

Questions or comments? Anybody?

Thank you very much. Appreciate it. Those were some very illuminating and frightening statistics. Thank you.

Leo Paul from CCM, Julia Evans Starr from Commission on Again, followed by Fred Townsend.

Welcome. Please put on your microphone and let us know who you are.

SB 318

LEO PAUL: Chairman Tercyak, Chairman Holder-Winfield, and distinguished members of the Labor and Public Employees Committee, my name is Leo Paul.

I'm the First Selectman of Litchfield and I'm

also on the board of directors for CCM and I appreciate the opportunity to testify today regarding Senate Bill 318, AN ACT CONCERNING ELECTRONIC PREVAILING WAGE NOTIFICATIONS, INFORMATION, AND RECORDS.

S.B. 318 would allow municipalities the option to keep, maintain and preserve various mandated prevailing wage paperwork, i.e. notices, information, and records, electronically, instead of a hard copy -- in hard copy format.

As stated in testimony at last October's Prevailing Wage Informational Forum, municipal officials have long advocated for changes in the state's prevailing wage mandate that could help towns do more with less, yet still uphold the integrity and intent of the law.

To this end, local officials do not seek repeal of prevailing wage, rather adjustments to the thresholds that trigger the mandate and allow towns and cities to manage limited resources.

Specifically, please amend Connecticut General Statute 3-53(g) to adjust the thresholds for renovation construction projects, from \$100,000 to \$400,000. And, two, new construction projects from \$400,000 to \$1 million, and adjust the thresholds for inflation thereafter. Understanding certain realities, however, S.B. 318 is reasonable starting point for getting this state mandate into the 21st century by giving local officials the option to submit data and records electronically.

CCM supports S.B. 318 as a logical means of making an often cumbersome process less onerous and potentially freeing up administrative resources otherwise devoted to complying with mandated paperwork, so long as the process for

submitting such information electronically is secure.

CCM therefore urges the Committee to favorably report S.B. 318 and to amend the bill to adjust the thresholds that trigger the state prevailing wage mandate as I discussed in this testimony.

One of the things that I just wanted to add onto my testimony is that I've ask CCM to provide me a -- a list of the number of state projects, because I would like to just point out what minor impact adjusting the thresholds, as proposed, for -- for renovations up to \$400,000 and for new construction up to \$1 million.

I have a document here that's 10 pages long and it's labeled 2013 to 2017 Capital Plan Highway and Bridge Constrained.

There are 446 projects on these 10 pages and if no -- if -- if -- given the law as it stands right now, there are two projects that would potentially not be eligible for prevailing wages, and one of them I question.

I'm not 100 percent certain because it falls under -- falls under the -- the \$400,000 for new construction, but it's also -- it's -- it's for -- it's -- it's for the new bus way and it's for doing landscaping and it's -- and then there's one just below it.

One is for \$200,000 and something and the other one is for \$600,000. So I suspect that it's all one project, but just -- it has a different designation job number.

But if that's not the case, there are only two projects under the current law that are

eligible for prevailing -- that are not eligible for prevailing wage.

If the amendment were to occur where you increase for renovation to \$400,000 and up to \$1 million for new construction, only nine jobs of the 446 jobs that the state has from 2013 to 2017 would not be eligible for prevailing wage.

And that's a -- that's a significant number; 2 percent of the 446 jobs that the state does over the next few years would not be eligible under prevailing wage, and that's significant. It may not -- it -- it's -- my -- my point is it does not impact the state in a negative way, doesn't reduce the numbers of jobs that would fall under prevailing wage thresholds. But for the local communities, like Litchfield, I have on average maybe three to four jobs, highway roadwork jobs or bridge jobs every single year. I might have one that's not eligible for prevailing wage.

30 to 35 percent increase on the three jobs that are prevailing wage costs a lot of money for the town of Litchfield and other communities that are -- that are about my size or smaller.

So I would just urge, along with supporting, you know, pushing forward S.B. 318, to consider adjusting the prevailing wage mandates to the thresholds that we've been asking for for years, and that is \$400,000 for renovations and \$1 million for new construction.

Thank you very much for your time. I'd be happy to answer any questions.

REP. TERCYAK: Thank you very much.

Are there any questions or comment?

Representative Smith, please.

REP. SMITH: I -- I just wanted to thank you for coming up and sharing that with us because we often hear that there's no real impact. But when you actually hear live testimony from someone in your seat that expresses a clear impact, you know, hopefully the Committee at some point will move beyond an informational hearing to actually have a hearing and a bill that will address this and give some relief, long needed relief, to our town. So thank you.

LEO PAUL: Thank you.

REP. TERCYAK: Any others?

Thank you. I have just one question. On --

LEO PAUL: Yes, sir.

REP. TERCYAK: -- on the bill before us, not amendments, any comments?

LEO PAUL: Bill 318?

REP. TERCYAK: Yes.

LEO PAUL: Well, I support it and I, you know, and I -- I'll tell you what. It's -- it's bringing us into the 21st century.

The state does a lot of other things on -- on electronic. Your bills -- your bills, your regulations, everything's electronic.

I testified, I think it was two weeks ago asking that we be allowed to do all of our postings and notices, you know, with -- with a line in

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the newspaper that says for more information, full text is available at the town hall or full text is, you know, available on the website.

This is the step going into that direction. So along with CCM -- and I'm also a board of directors in cost -- cost and, you know, and myself, I fully support moving forward with -- with this electronically.

I think it clears it up. It reduces the amount of -- amount of work that my public works department has to do.

Contractor sends it electronically to -- to my public works director, he looks at it and forwards it electronically to -- to the state.

It messes -- it -- it doesn't mess with keeping -- you know, things remain in the correct order. Now, with the paperwork, things sometimes will get shuffled and get out of order and it causes trouble.

REP. TERCYAK: Thank you very much. Okay. Thank you very much for coming and thank you for waiting.

LEO PAUL: Thank you.

REP. TERCYAK: I know it's been a long evening.

Is Julia Evans Starr from the Commission on Aging here?

Thank you. Come on down, followed by Fred Townsend.

JULIA EVANS STARR: Good evening, Representative Tercyak, Senator Markley, Representative Smith, and Representative Miner.

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MICHAEL RILEY: Thank you.

REP. TERCYAK: And we understand your concern that, for something off the job where the employer has no choice, it would be nice if it wasn't held against the employer as if they had laid the person off. Thank you very much.

Chris Syrek, followed by Pat McCabe.

Welcome, sir. Thank you for your patience. Please begin when you're ready.

CHRIS SYREK: Thank you, Chairman Tercyak and the Committee for giving me a few minutes to speak about online prevailing wage this evening.

My name is Chris Syrek. I'm the vice-president of Associated Builders and Contractors of Connecticut. CT ABC is a Statewide trade association of almost 200 members that represents merit shop contractors.

CT ABC would like to voice our support for Senate Bill 318, AN ACT CONCERNING ELECTRONIC PREVAILING WAGE NOTICES.

Lelah Campo, our chapter president, testified in support of this proposal at your October 29 hearing, your offsite hearing in New Britain, and she would like to thank Senator Osten, Representative Tercyak, and the Committee for your leadership in raising this bill.

Prevailing wage reporting can be a time consuming process for contractors. The data must be entered electronically, printed, copied for company record keeping purposes, packaged and mailed.

Allowing for electronic submission would

streamline this process for the contractor by eliminating the need to print, copy, and package and mail the forms.

This would cut down on the administrative aspects of their business.

Online prevailing wage reporting would also cut down on cost and waste. Printing multiple copies, packaging them, and mailing the forms can be expensive for contractors, especially contractors that have large numbers of employees on jobs for extended periods of time.

To be able to file the forms online directly would provide a significant cost savings over the course of -- of time. Online filing could also have a positive effect on the timeliness of reporting.

By making the process easier to complete, and reducing the administrative burden, contractors would be able to file these reports in a timely manner.

Over the years, general contractors and construction managers accumulate thousands of boxes of this prevailing wage data that must be stored.

This data must also be protected as it does contain sensitive identity information of their employees.

In addition, this would give the Department of Labor the ability to access prevailing wage forms from their office, rather than having to perform onsite visits.

Prevailing wage forms are stored at the prime contractor's office, and the state incurs costs

to view these forms for errors or for violations.

This could drastically increase the effectiveness of the state's reviewing of prevailing wage compliance.

In conclusion, online prevailing wage reporting is a concept whose time has definitely come.

It would have a positive effect on the construction industry and the contractors' ability to do business in the state of Connecticut.

We fully support this bill and offer Connecticut ABC's support as a resource during this legislative process.

We thank you very much for your time tonight and I'm happy to answer any questions.

REP. TERCYAK: Thank you very much. Just to make perfectly clear, the paperwork now has to be mailed in? It's not like there's a drop spot, you can't hand deliver it to the office. Is that correct?

CHRIS SYREK: To my knowledge, you have to mail the forms. Correct.

REP. TERCYAK: That's what I understand, too. Thank you very much. Are there any other questions?

Thank you very much. You were very clear. We appreciate your coming here and giving us your opinion. Thank you.

CHRIS SYREK: Thank you.

REP. TERCYAK: Okay. Pat McCabe, followed by Tom

**JOINT  
STANDING  
COMMITTEE  
HEARINGS**

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PART 4  
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**2014**



## **LABOR & PUBLIC EMPLOYEES COMMITTEE**

March 11, 2014

The Connecticut Conference of Municipalities (CCM) is Connecticut's statewide association of towns and cities and the voice of local government - your partners in governing Connecticut. Our members represent over 92% of Connecticut's population. We appreciate the opportunity to testify on bills of interest to towns and cities.

Good afternoon, my name is Leo Paul, First Selectman of the Town of Litchfield and member of the CCM Board of Directors. I appreciate the opportunity to testify today regarding:

**Senate Bill 318 "An Act Concerning Electronic Prevailing Wage Notices, Information and Records"**

SB 318 would allow municipalities the option to keep, maintain and preserve various mandated prevailing wage paperwork (i.e. notices, information and records) electronically, instead of in hard copy format.

As stated in testimony at last October's Prevailing Wage Informational Forum, municipal officials have long advocated for changes in the State's prevailing wage mandate that could help towns do more with less yet, still uphold the integrity and intent of the law. To this end, local officials do not seek repeal of prevailing wage rather, adjustments to the thresholds that trigger the mandate and allow towns and cities to manage limited resources. Specifically, amend CGS 31-53(g) to adjust the thresholds for (i) renovation construction projects, from \$100,000 to \$400,000; (ii) new construction projects, from \$400,000 to \$1 million; and adjust the thresholds for inflation thereafter.

Understanding certain realities however, SB 318 is a reasonable starting point for getting this state mandate into the 21<sup>st</sup> century by giving local officials the option to submit data and records electronically.

CCM supports SB 318 as a logical means of making an often cumbersome process less onerous and potentially freeing-up administrative resources otherwise devoted to complying with mandated paperwork – so long as the process for submitting such information electronically is secure.

CCM urges the Committee to favorably report SB 318 – and to amend the bill to adjust the thresholds that trigger the State's prevailing wage mandate as recommended above.

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If you have any questions, please contact Robert Labanara, State Relations Manager for CCM, at [rlabanara@ccm-ct.org](mailto:rlabanara@ccm-ct.org).



Connecticut Chapter

Testimony by Chris Syrek, Vice President of  
Associated Builders & Contractors

Before the Labor and Public Employees Committee on March 11, 2014

SB 318 An Act Concerning Electronic Prevailing Wage Notices, Information and Records

Good afternoon, my name is Chris Syrek; I am the Vice President of Associated Builders and Contractors of Connecticut (CT ABC). CT ABC is a statewide trade association of almost 200 members that represents merit shop contractors.

CT ABC would like to voice our support for SB 318 - An Act Concerning Electronic Prevailing Wage Notices. Lelah Campo, our Chapter President, testified in support of this proposal at your October 29 hearing in New Britain, and she would like to thank Senator Osten and the Committee for your leadership in raising this bill.

Prevailing wage reporting can be a time consuming process for contractors. The data must be entered electronically, printed, scanned or copied for company record keeping purposes, packaged and mailed. Allowing for electronic submission would streamline this process for the contractor by eliminating the need to print, copy, package and mail the forms, therefore cutting down on one administrative aspect of their business.

Online prevailing wage reporting would also cut down on cost and waste. Printing multiple copies, packaging them, and mailing the forms can be expensive for contractors who have large numbers of employees on jobs for extended periods of time. To be able to file the forms online directly would provide a significant cost savings over time.

Online filing could also have a positive effect on the timeliness of reporting. By making the process easier to complete, and reducing the administrative burden, contractors would be able to file these reports in a timelier manner. Over years, a GC/CM accumulates thousands of boxes of Prevailing Wage data that must be stored. This data must also be protected as it has sensitive identity information.

In addition, this would give DOL the ability to access Prevailing Wage forms from their office, rather than on sight visits. Prevailing Wage forms are stored at the prime contractor's office, and the state incurs costs to view the forms for errors or violations. This could drastically increase the effectiveness of the states reviewing of prevailing wage compliance.

In conclusion, online prevailing wage reporting is a concept whose time has come! It would have a positive effect on the construction industry and contractors ability to do business in the state of Connecticut. We support this bill, and offer CT ABC's support as a resource during the legislative process.

Thank you again for your time.



Public Hearing Testimony of  
Sharon Palmer, Commissioner  
Department of Labor  
Labor and Public Employees Committee  
March 11, 2014

Good Afternoon Senator Holder-Winfield, Representative Tercyak, Senator Markley and Representative Smith and members of the Labor and Public Employees Committee. Thank you for the opportunity to provide you with testimony regarding Senate Bill No. 318, AAC Electronic Prevailing Wage Notices, Information and Records. My name is Sharon Palmer and I am the Commissioner of the Department of Labor.

I am here to speak in opposition to this bill. The bill requires the Department of Labor (DOL) to make available electronically on its website the prevailing wage rate schedules so that employers seeking to submit a bid for a state contract can access the rates independently. The proposed bill undermines the intent of prevailing wage rates and the procedures used by DOL to ensure that contractors to state agency contracts pay their employees the proper prevailing wage rate. Every week, the U.S. Department of Labor issues prevailing wage rate schedules. The schedules can change at any time. When a state agency seeks to issue a request for proposed bids for a project, the agency will request from DOL the prevailing wage rate schedules for the particular project. Our agency provides the correct schedule for that project based on what has been issued by the U.S. Department of Labor. The state agency will then issue the request for proposals with the schedule attached. The schedule is only good for 20 days. This procedure ensures that the contractor that wins the bid will be paying their employees at the correct prevailing wage rate. In addition, such a process provides a record of the correct wage rate schedule if there are any problems with the contractor and the Department of Labor has to intervene. If the Department posts schedules on our website and allows contractors to select the schedule themselves rather than following our current procedure, there would be no protections in place to ensure that workers are being paid the correct prevailing wage.

In addition, the proposed bill seeks to allow agencies to provide and receive electronic certifications. DOL already allows for electronic communications, so there is no need to amend the statute to add this language.

Thank you for the opportunity to provide this testimony. I am available to answer any questions you may have.



Testimony  
Betsy Gara  
Executive Director  
Connecticut Council of Small Towns (COST)  
Before the Labor & Public Employees Committee  
March 11, 2014

The Connecticut Council of Small Towns (COST) *supports* **SB-318: An Act Concerning Electronic Prevailing Wage Notices, Information and Records**

This bill would permit towns to maintain certain prevailing wage notices, information, and records electronically. The electronic submission of data and records will help make what can potentially be a burdensome process flow more smoothly while using less administrative resources.

Municipal officials have long sought a look into the prevailing wage. SB-318 is a good step towards making the administrative process run more efficiently. However, COST would also support increasing thresholds which trigger the prevailing wage requirements. These thresholds have not been adjusted since the early 1990s and as a result the costs of even small local projects have increased significantly.

Therefore, COST *supports* **SB-318: An Act Concerning Electronic Prevailing Wage Notices, Information and Records** but urges lawmakers to take a further look into adjusting the thresholds that trigger the State's prevailing wage mandate.