



Senator Matt Huffman
12th District
S.B. 72 – Sponsor Testimony
Senate Finance Committee

Chairman Oelslager, Vice Chair Manning, Ranking Member Skindell, and members of the Senate Finance Committee, it is my pleasure to offer sponsor testimony on Senate Bill 72, which would make participation in prevailing wage guidelines permissive, rather than required, for local governments, institutions of higher education, and mental health and specialty districts.

As you may know, the state mandates that a certain wage be calculated and paid on all local construction jobs. This mandated, “prevailing wage,” is required for construction projects undertaken by counties, cities, and townships, as well as a variety of other local government entities such as libraries, museums, fairgrounds, universities, specialty districts, and others.

The mandated wage results in a cost increase for local construction projects. This is especially true in parts of Ohio where construction costs, as well as the taxes that are collected to pay for such costs, are much lower. In larger urban areas, the market-based wage may be close to what the prevailing wage calls for. However, in smaller, rural districts, the project can cost up to 10-20% more than the market rate.

It is important to note that the state does not mandate a cost for any other local government projects or services. For example, the state does not mandate that police departments pay for vehicles at a certain rate. Only this particular type of vendor is required to be paid more. The result is that not only is the project cost higher, but there is less money to pay local government employees, pave roads, purchase equipment, and otherwise provide the services necessary to run local governments.

An additional struggle with the mandated wage is the paperwork necessary to comply. Beyond the most important issue of increased costs, local governments cite difficulty in understanding how to record and log the varying complexities required of the program as a significant burden. Furthermore, many contractors do not even want to bid a job if it is a mandated wage project due to the heavy paperwork necessary from their end.

This legislation is a *permissive*. Simply put, local governments can decide for themselves whether they would like to pay the state-mandated rate. Almost certainly, many bigger cities will agree to pay the mandated wage since the codified rate is not substantially different than what they would pay otherwise. However, other local governments, which are not only unable to pay a higher wage but are in many cases not moving projects forward due to the increased costs, may choose not opt out. Additionally, some local governments may choose to pay prevailing wage on some projects but not others. Local jurisdictions that are managing these projects are in the best position to decide what costs they can afford.

Senate Bill 72 returns power to our local governments and specialty districts, allowing them to make informed and calculated decisions on whether or not the state mandated wage is appropriate for a given project. In doing so, we will allow officials to save money where applicable, reducing tax burdens for constituents and increasing the breadth of services our local governments have the resources to provide.

Thank you for your time and consideration of this legislation. I am happy to answer any questions the Committee may have.