



***BEFORE THE HOUSE COMMERCE & LABOR COMMITTEE
PROPONENT TESTIMONY ON HOUSE BILL 146***

Chairman Stein, Vice Chair Johnson, Ranking Member Lepore-Hagan, and members of the House Commerce and Labor Committee, thank you for the opportunity to provide proponent testimony on House Bill 146. My name is Kevin Shimp and I am the Director of Labor and Legal Affairs for the Ohio Chamber of Commerce.

The Ohio Chamber is the state's leading business advocate, and we represent thousands of companies that do business in Ohio. Our mission is to aggressively champion free enterprise, economic competitiveness and growth for the benefit of all Ohioans.

Enacted in 1931, Ohio's prevailing wage law found in Chapter 4115 of the Revised Code, regulates labor costs on state public construction projects. However, Ohio's prevailing wage rates do not reflect actual local construction wages for both union and non-union employees. This is because the prevailing wage is primarily set by tables developed from the construction unions' bargaining agreement, many of which are statewide agreements. As a result, in many localities around the state the prevailing wage is significantly higher than the wage paid on other construction projects.

HB 146 would provide local governments, special districts, and state higher education institutions with a choice on whether they wish to be subject to Ohio's prevailing wage law on public improvement projects. Under Ohio's prevailing wage laws, the labor component is fixed and not subject to competitive bidding on government construction projects. Requiring nonunion contractors to use union wage rates ignores the free market and limits one area where nonunion contractors could have a competitive advantage. In effect, the prevailing wage shields unions from competitive pressures on labor costs by requiring all contractors to pay the same rate. While the Ohio Chamber supports an outright repeal of Ohio's prevailing wage law, we believe House Bill 146 is a step in the right direction.

Simply put, Ohio's Prevailing Wage Law interferes with the free enterprise principles espoused

in our mission statement and limits the number of qualified contractors who may be able to bid on a project. A state mandated wage severely restricts competition in the marketplace on public improvement projects where Ohio's prevailing wage law is applied. By limiting the ability to take labor costs into account, the prevailing wage law limits both the contractors who are willing to bid on a project and the competition among those who do. Less competition can result in a failure to negotiate the best possible price leading to increased costs for government constructions jobs—costs borne by all Ohio taxpayers.

HB 146, by promoting free enterprise and competition, provides flexibility and would allow businesses and workers a chance to compete more freely and fairly on public improvement projects. Further, allowing greater competition would provide a better business environment in Ohio.

Thank you for the opportunity to provide this testimony and I can answer any questions from the committee.