LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 2015

STATE OF NEW JERSEY
221st LEGISLATURE

DATED: JULY 1, 2024

SUMMARY

Synopsis: Concerns prevailing wage law requirements for public institutions of higher education.

Type of Impact: Increased State expenditures.

Agencies Affected: Department of Labor and Workforce Development; public institutions of higher education.

Office of Legislative Services Estimate

Fiscal Impact	Annual
Expenditure Increase for Public Institutions of Higher Education	Indeterminate

- The Office of Legislative Services (OLS) determines that the bill will result in an indeterminate annual increase in expenditures for public institutions of higher education from the expansion of prevailing wage requirements to developments intended for use by the institutions at the time of construction. The bill also provides for certain limitations on prevailing wage for public work on residential buildings.

BILL DESCRIPTION

This bill provides that a public institution of higher education is required to pay the State prevailing wage rate determined by the Department of Labor and Workforce Development when a development is intended for use by the institution at the time of construction. The bill requires the prevailing wage rate to be paid for work under a contract with a for-profit or not-for-profit entity associated with the public body when the purpose of the entity is raising or managing public or private financial support or managing assets on behalf of the public body, where the work undertaken under contract with the entity is to be used by or for the benefit of the public body.

The bill adds to the definition of "public work" subject to prevailing wage requirements work on properties or premises under agreement to be purchased by the public body and work paid for in whole or in part by "take-out financing."

The bill provides that the prevailing wage for public work on residential buildings is the lesser of 65% of the wage rate paid by virtue of collective bargaining agreements by employers employing a majority of workers of that craft or trade subject to collective bargaining agreements in the locality in which the public work is done, or the prevailing rate set under the federal Davis-Bacon Act for work on residential buildings.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS determines that the bill will result in an indeterminate annual increase in expenditures for public institutions of higher education from the expansion of prevailing wage requirements to developments intended for use by the institutions at the time of construction. The OLS notes there are no data available on how often less than the prevailing wage has been paid to vendors and subcontractors on the construction or maintenance projects that would be covered by the expanded prevailing wage requirements under this bill; therefore, no estimate on the annual financial impact can be determined.

The bill provides for certain limitations on prevailing wage requirements for public work on residential buildings. While the effect of this limitation cannot be sized, it would reduce the marginal impact of the prevailing wage requirements for construction or maintenance work on residential buildings.

Section:	*Commerce, Labor and Industry*
Analyst:	*John Gaudioso* *Assistant Fiscal Analyst*
Approved:	*Thomas Koenig* *Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).