



## State of Connecticut

### GENERAL ASSEMBLY

STATE CAPITOL

HARTFORD, CONNECTICUT 06106-1591

To: Senator Prague, Representative Ryan and Members of  
the Committee on Labor & Public Employees

From: Representative Fahrbach (61<sup>st</sup>) & Representative Ferrari (62<sup>nd</sup>)

Date: March 16, 2006

Re: Support - RB 5741 AAC The Prevailing Wage Thresholds

With all the discussion about property tax reform and the need to address local property taxes, we need to take a long hard look at the reasons why property taxes are so high. One reason is unfunded state mandates including prevailing wage. According to the Connecticut Conference of Municipalities in their Connecticut Town and City publication of February 2006:

“One of the most onerous mandates, many say, is the requirement that cities and towns pay the prevailing wage rate for public construction projects, which can be as much as 30 percent higher than the amount paid for private projects. (Michigan recently saved \$250 million when it imposed a three-year moratorium on its prevailing wage mandate.)”

Here in Connecticut, in 1985 the threshold for prevailing wage rates was set at \$50,000 for alteration and repair projects and at \$250,000 for new construction projects. (PA 85-355)

Just six years later the legislature voted to double both of those thresholds to \$100,000 and \$400,000 respectively.

In the 15 years since, the legislature has not raised these thresholds one single dollar. During this same 15 year period inflation has risen 45.6%.

A 45.6% increase in inflation means that a project in 1991 that cost \$100,000 would cost \$145,600 today and a \$400,000 project in 1991 would cost an astounding \$582,400 in today's money.

Given those numbers we are asking that the committee approve increases in the prevailing wage thresholds to \$500,000 for remodeling and refurbishing projects and \$1 million for new construction projects as proposed in RB 5741.