

**TESTIMONY BEFORE
LABOR AND PUBLIC EMPLOYEES COMMITTEE**

**PUBLIC HEARING ON HB5741
MARCH 16, 2006**

**GEORGE E. MCLAUGHLIN, JR
CHAIRMAN
BOARD OF FINANCE
TOWN OF NEW MILFORD**

Senator Prague, Representative Ryan, members of the Labor and Public Employees Committee, thank you for the opportunity to address this body today. I am in attendance in order to testify in support of HB5741, "An Act Concerning the Prevailing Wage Thresholds".

As I am sure you are aware, prevailing wage regulations were first enacted during the depression in the early twentieth century. Thresholds were first introduced 45 years ago, in 1961. They were last revamped 15 years ago, in 1991, to their current levels. HB5741 is a good first step in updating these regulations to twenty-first century dollars.

I was first elected to public office in 1978. In twenty-eight years I have witnessed the diversion of scarce resources due to prevailing wage regulations. These regulations, among other unfunded mandates are having a negative impact on all other municipal services. Our grand lists are not growing and, therefore, the financial pie has stagnated. With the growing

amount of resources required to meet unfunded mandates such as prevailing wage regulations, there is, annually, an increasingly smaller amount available for local initiatives.

In the coming fiscal year, debt service will account for 25% of New Milford's municipal operating budget. We need to expand our sewer plant and replace an outdated facility for our emergency medical responders in the very near future; our library has outgrown its present facility. Prevailing Wage Regulations, as they currently exist, will hinder addressing these issues with a long term vision. In a 2005 position paper on prevailing wage rate reform, CCM reports that The Wharton School of Business has determined that prevailing wage regulations add upwards to 30% to municipal construction costs. If accurate, that currently translates into \$2.5 million annually from New Milford taxpayers to satisfy this unfunded mandate. I do not need to tell you what we could do with an additional \$2.5 million in our town budget.

The increasing tax burden to the public is resulting in a growing number of multi referenda budget years across the state. Last year 40 municipalities in Connecticut needed more than one referendum to pass their budgets; half of those required more than two. Ladies and gentlemen that is almost 25% of Connecticut municipalities; more than twice the number just five years ago. This situation is expensive, counterproductive and, most of all, divisive.

I encourage this committee to support raising the thresholds for prevailing wage regulations to \$1,000,000.00 for new construction and \$500,000.00 for renovations as a good first step in updating this outdated and unnecessary unfunded mandate.