



**Testimony  
Bart Russell, Executive Director  
Connecticut Council of Small Towns  
Before the  
Labor & Public Employees Committee  
March 13, 2012**

The Connecticut Council of Small Towns (COST) supports the intent of the provisions in HB-5401, AN ACT CONCERNING LEASEBACKS AND THE PREVAILING WAGE THRESHOLD, which recognizes that prevailing wage thresholds have not kept up with inflation. However, COST opposes efforts to apply prevailing wage mandates to leaseback arrangements.

**Rather than provide a temporary fix to what is a longstanding problem, COST urges you to address concerns with the current prevailing wage mandate by increasing the prevailing wage thresholds for local building projects to help reduce capital building costs for our smaller towns and cities.**

Towns are struggling to continue to fund critical services, including education, road repair and public safety, given an economy that has resulted in declining tax revenues and flat funding of state aid. We must act now to relieve towns of the tremendous cost burdens associated with unfunded mandates.

The prevailing wage laws are one of the most expensive unfunded mandates on the books. In the past, recognizing that thresholds should be adjusted to reflect increases in construction costs, the prevailing wage thresholds were revisited every six years. It has now been 21 years since the thresholds have been adjusted and relief is long overdue.

This mandate has cost towns millions of dollars over the years. It is very difficult to explain to taxpayers that property taxes must increase because a building that could have been constructed for \$1 million comes in between 15% and 30% higher due to prevailing wage mandates.

Many towns have also indicated that the process forecloses opportunities for local contractors – men and women who have donated time and services to towns and who are vital members of the community - from even bidding on jobs because of costs and burdens associated with the prevailing wage laws. It is time to act to relieve towns of this unfunded and unnecessary mandate.

COST is also concerned with provisions in the bill that extend the prevailing wage mandate to projects which are leased back to the state. Not all buildings constructed on property under lease arrangements with the state should be automatically deemed public projects. We are therefore concerned that this proposal expands the reach of the current prevailing wage mandate.

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