



Connecticut Chapter

Testimony by Chris Syrek, President of
Associated Builders & Contractors

Before the Labor and Public Employees Committee on March 8, 2016

HB 5377 – An Act Concerning the Prevailing Wage

Good afternoon Senator Gomes, Representative Tercyak and Members of the Committee. My name is Chris Syrek; I am the President of Associated Builders and Contractors of Connecticut (CT ABC). CT ABC is a statewide trade association of almost 200 members that represents merit shop contractors. I appreciate the opportunity to speak before the committee today on their behalf.

CT ABC has concerns about this bill in its current form. Section 1 of the bill would require that any business receiving financial assistance from the Department of Economic Development (DECD) or CT Innovations that enters into a contract be required to pay prevailing wages for that project. A similar bill was raised during the 2014 and 2015 Legislative Sessions, which CT ABC and the business community feared could have a negative impact on the State's continued economic growth. Adding another government mandated requirement on a private business that would likely increase their development and construction costs, could serve as a deterrent for companies that seek state assistance to move to Connecticut. This could also harm companies that already exist in Connecticut but are seeking resources to expand and create more jobs. Connecticut's construction market and overall economy have shown signs of improvement over the past few years, but we still lag behind other states. If businesses are not willing to move here or expand their existing locations, that would have a disastrous impact on the construction industry.

CT ABC would also like to seek clarification as to who this bill might effect. As currently drafted the bill reads that the "state, or any agency of the state, including, but not limited to, DECD and CT Innovations" as the entities providing funding. The bill may be intended to include larger projects and development, but it could have unintended consequences on smaller businesses or non-profits that receive some type of financial support from the state. That should be clarified before moving forward.

The second section of the bill seeks to change to prevailing wage thresholds from \$400,000 to \$4 million for new construction, and \$100,000 to \$2 million for renovation and rehabilitation. CT ABC has always been supportive of a State established prevailing wage law for construction projects but does believe that certain areas of the law could be changed without diluting the effectiveness of the law, and still guaranteeing workers are paid a fair wage.

Prevailing wage thresholds have not been changed since 1991. There is a reasonable case that, given our changing economy, the thresholds could be adjusted accordingly. Something that CT ABC has supported in the past is adjusting the prevailing wage rates every two years to reflect the price of inflation. If there is to be a discussion on prevailing wage, it is also

worth addressing the two separate thresholds, one for new construction and one for renovations. There may be a benefit to simply setting one threshold that requires prevailing wage instead of two separate thresholds. Many smaller municipalities have expressed a need for similar changes to the law which would allow them greater flexibility to complete small construction projects. This would also open up additional smaller scale jobs for the construction industry.

CT ABC would welcome open discussion with Committee Leadership and all industry stakeholders on both sections of HB 5377 and we thank you for your time and consideration.

Christopher Syrek
President, Associated Builders and Contractors