



Testimony of Eric W. Gjede
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Before the Committee on Labor and Public Employees
Hartford, CT
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**Testifying in opposition to HB 5377
AN ACT CONCERNING THE PREVAILING WAGE**

Good afternoon Senator Gomes, Representative Tercyak, Senator Hwang, Representative Rutigliano and members of the Labor and Public Employees Committee. My name is Eric Gjede and I am assistant counsel at the Connecticut Business and Industry Association (CBIA), which represents more than 10,000 large and small companies throughout the state of Connecticut.

CBIA is opposed to HB 5377.

HB 5377 takes the state's current prevailing wage mandate that applies to municipalities and the state for construction or remodeling projects and applies it to private sector business. Municipalities, particularly small municipalities, have sought relief from this mandate for many years because the prevailing wage increases the cost of public works projects by twenty-five percent or more. It forces many municipalities to forego important projects because they are cost prohibitive. It is an economic fact that the more you tax a behavior, like construction, the less likely it is to happen.

Businesses oppose this potential new mandate for the same reason municipalities have historically opposed it. When the state gives a business financial assistance or tax abatement for construction, it is because the state believes that business expansion is a good thing. Forcing businesses to pay the prevailing wage on building or remodeling projects whenever it receives financial assistance from the state will make the project more expensive, and in many cases, cost prohibitive. The result: businesses will choose to expand their footprints in other states and engage in less hiring. That means less opportunities will be created for Connecticut citizens.

Furthermore, under this bill, business organizations would not "benefit" from the same prevailing wage project value thresholds as a municipality. Thus, an already expensive mandate for municipalities is considerably more expensive for businesses.

For these reasons, we strongly oppose HB 5377.