

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 1099 HB	<b>Title:</b> Public works wages
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## Estimated Cash Receipts

Agency Name	2023-25			2025-27			2027-29		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Office of Administrative Hearings	0	0	40,000	0	0	80,000	0	0	80,000
<b>Total \$</b>	<b>0</b>	<b>0</b>	<b>40,000</b>	<b>0</b>	<b>0</b>	<b>80,000</b>	<b>0</b>	<b>0</b>	<b>80,000</b>

## Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Office of Administrative Hearings	.1	0	0	40,000	.2	0	0	80,000	.2	0	0	80,000
Department of Labor and Industries	5.4	0	0	3,227,000	10.7	0	0	2,064,000	10.7	0	0	2,064,000
SWF Statewide Fiscal Note - OFM	.0	0	0	0	.0	0	0	0	.0	0	0	0
<b>Total \$</b>	<b>5.5</b>	<b>0</b>	<b>0</b>	<b>3,267,000</b>	<b>10.9</b>	<b>0</b>	<b>0</b>	<b>2,144,000</b>	<b>10.9</b>	<b>0</b>	<b>0</b>	<b>2,144,000</b>

## Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of Administrative Hearings	.0	0	0	.0	0	0	.0	0	0
Department of Labor and Industries	.0	0	0	.0	0	0	.0	0	0
SWF Statewide Fiscal Note - OFM	Non-zero but indeterminate cost and/or savings. Please see discussion.								
<b>Total \$</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>

## Estimated Capital Budget Breakout

SWF Statewide Fiscal Note - OFM	Non-zero but indeterminate cost and/or savings. Please see discussion.
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<b>Prepared by:</b> Anna Minor, OFM	<b>Phone:</b> (360) 790-2951	<b>Date Published:</b> Final 2/ 7/2023
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# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1099 HB	<b>Title:</b> Public works wages	<b>Agency:</b> 110-Office of Administrative Hearings
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## Part I: Estimates

**No Fiscal Impact**

### Estimated Cash Receipts to:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
Administrative Hearings Revolving Account-State 484-1		40,000	40,000	80,000	80,000
<b>Total \$</b>		40,000	40,000	80,000	80,000

### Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.0	0.2	0.1	0.2	0.2
<b>Account</b>					
Administrative Hearings Revolving Account-State 484-1	0	40,000	40,000	80,000	80,000
<b>Total \$</b>	0	40,000	40,000	80,000	80,000

### Estimated Capital Budget Impact:

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Trudes Tango	Phone: 360-786-7384	Date: 01/09/2023
Agency Preparation: Pete Boeckel	Phone: 360-407-2730	Date: 02/07/2023
Agency Approval: Deborah Feinstein	Phone: 360-407-2717	Date: 02/07/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 02/07/2023

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

Section 2 amends RCW 39.12.030 regarding public works contracts relative to the minimum prevailing wage rate. Under this section, public works contracts must state that the minimum hourly wage rate must be adjusted when necessary, so that workers are paid at least as much as the prevailing wage rate at the time the work is performed.

Work activities associated with the enactment of this bill will begin on July 1, 2024.

### II. B - Cash receipts Impact

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

As a central service agency, the Office of Administrative Hearings (OAH) bills referring agencies for its costs and collects the revenue into the Administrative Hearings Revolving Account. Cash receipts are assumed to equal costs. OAH will bill the Department of Labor & Industries for the costs related to this proposed legislation.

These cash receipts represent the OAH's authority to bill and are not a direct appropriation to OAH. Appropriation authority is necessary in OAH's budget.

### II. C - Expenditures

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.*

The Department of Labor & Industries (L&I) estimates that the proposed legislation will result in ten new appeals being referred to the Office of Administrative Hearings (OAH) per fiscal year beginning in FY 2025. On average, each appeal is expected to take approximately 20 hours of line Administrative Law Judge (ALJ) time including prehearing conferences, hearings, order writings, etc.

OAH Agency Workforce Assumptions:

- (1) The Governors proposed COLA increases in FY2024 and FY2025, and Collective Bargaining Agreement increases are not included in agency cost projections. Additional funding is required if these proposals are enacted.
- (2) Ratio of 1.0 FTE line ALJ to 0.15 Senior ALJ (SALJ), to 0.6 Legal Assistant 2 (LA2) (Range 40 step L), to 0.25 administrative support Management Analyst 5 (MA5) (Range 64 Step L).
- (3) ALJ salary is based on the ALJ collective bargaining agreement and assumed to be at step L. (Line ALJ-range 70. Senior ALJ-range 74.)
- (4) Benefit rates were analyzed by job class and projected using the latest benefit information available.
- (5) Goods and services, travel and on-going capital outlays were projected based on historical data for each of the job classifications.

Total workload impact beginning in FY 2025: 0.14 ALJ at a cost of \$27,030 and 0.08 LA2 at a cost of \$13,581. Associated staff costs are included for a total cost rounded to \$40,000 per FY.

Legal services associated with the enactment of this bill will begin on July 1, 2024.

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
484-1	Administrative Hearings Revolving Account	State	0	40,000	40,000	80,000	80,000
<b>Total \$</b>			0	40,000	40,000	80,000	80,000

### III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		0.2	0.1	0.2	0.2
A-Salaries and Wages		25,000	25,000	50,000	50,000
B-Employee Benefits		8,000	8,000	16,000	16,000
C-Professional Service Contracts					
E-Goods and Other Services		7,000	7,000	14,000	14,000
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	0	40,000	40,000	80,000	80,000

### III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
Administrative Law Judge	106,152		0.1	0.1	0.1	0.1
Legal Assistant 2	50,592		0.1	0.0	0.1	0.1
<b>Total FTEs</b>			0.2	0.1	0.2	0.2

### III. D - Expenditures By Program (optional)

Program	FY 2024	FY 2025	2023-25	2025-27	2027-29
Regulatory & Education (REG)		40,000	40,000	80,000	80,000
<b>Total \$</b>		40,000	40,000	80,000	80,000

## Part IV: Capital Budget Impact

### IV. A - Capital Budget Expenditures

NONE

### IV. B - Expenditures by Object Or Purpose

NONE

### IV. C - Capital Budget Breakout

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

### IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

**Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1099 HB	<b>Title:</b> Public works wages	<b>Agency:</b> 235-Department of Labor and Industries
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## Part I: Estimates

**No Fiscal Impact**

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.0	10.7	5.4	10.7	10.7
<b>Account</b>					
Public Works Administration Account-State 234-1	1,260,000	1,967,000	3,227,000	2,064,000	2,064,000
<b>Total \$</b>	1,260,000	1,967,000	3,227,000	2,064,000	2,064,000

### Estimated Capital Budget Impact:

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Trudes Tango	Phone: 360-786-7384	Date: 01/09/2023
Agency Preparation: Allison Kaech	Phone: 360-902-4530	Date: 02/07/2023
Agency Approval: Trent Howard	Phone: 360-902-6698	Date: 02/07/2023
OFM Review: Anna Minor	Phone: (360) 790-2951	Date: 02/07/2023

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

See attached.

### II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

None.

### II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

See attached.

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
234-1	Public Works Administration Account	State	1,260,000	1,967,000	3,227,000	2,064,000	2,064,000
<b>Total \$</b>			1,260,000	1,967,000	3,227,000	2,064,000	2,064,000

### III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		10.7	5.4	10.7	10.7
A-Salaries and Wages		619,000	619,000	1,238,000	1,238,000
B-Employee Benefits		264,000	264,000	528,000	528,000
C-Professional Service Contracts	1,217,000	779,000	1,996,000		
E-Goods and Other Services	43,000	199,000	242,000	286,000	286,000
G-Travel		6,000	6,000	12,000	12,000
J-Capital Outlays		100,000	100,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	1,260,000	1,967,000	3,227,000	2,064,000	2,064,000

### III. C - Operating FTE Detail: List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
Customer Service Specialist 2	46,980		5.0	2.5	5.0	5.0
Fiscal Analyst 5	71,520		0.7	0.4	0.7	0.7
Industrial Relations Agent 2	66,420		3.0	1.5	3.0	3.0
Industrial Relations Agent 3	69,756		1.0	0.5	1.0	1.0
Industrial Relations Agent 4	75,120		1.0	0.5	1.0	1.0
<b>Total FTEs</b>			10.7	5.4	10.7	10.7



**III. D - Expenditures By Program (optional)**

NONE

**Part IV: Capital Budget Impact**

**IV. A - Capital Budget Expenditures**

NONE

**IV. B - Expenditures by Object Or Purpose**

NONE

**IV. C - Capital Budget Breakout**

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

**IV. D - Capital FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

**Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

See attached.

## **Part II: Explanation**

This bill adds a new section to RCW 39.12.030 adding a new specification for public works contracts that the prevailing wage rates be adjusted in accordance with any modifications including those published on the first business day of February and August by the industrial statistician for the duration of the project. Corrections and biannual adjustments to the prevailing wage rates shall take effect 30-days after publication, in accordance with WAC 296-127-011.

This bill is effective July 1, 2024.

### **II. A – Brief Description of What the Measure Does that Has Fiscal Impact**

**Section 2** adds language to RCW 39.12.030(1) that public works contracts stipulate that the hourly minimum rate of wage for laborers, workers, or mechanics must be adjusted as necessary to provide that such wage is not less than the latest prevailing rate of wage in effect at the time the work is performed.

### **II. B – Cash Receipt Impact**

None.

### **II. C – Expenditures**

#### **Appropriated – Operating Costs**

This bill increases expenditures to the Public Works Administration Account, fund 234. The following assumptions were used to estimate the resources requested to implement this bill.

L&I is expecting an increase in cases and affidavits as a result of these bills. Included is a matrix to show what the impacts will be depending on the number of cases and affidavits.

	High	Medium	Low
Cases	100	50	25
Cases Per IRA 2	16	16	16
IRA 2	6.25	3.13	1.56
IRA 3	2.00	1.00	1.00
IRA 4	2.00	1.00	-
Customer Service Specialist	High	Medium	Low
Intents Per Year	70,000	35,000	15,000
Intents Per Week	1,346	673	288
Intents Per Day	269	135	58
Intents processed	25	25	25
CSS 2	10.77	5.38	2.31

For fiscal note purposes, L&I is assuming the medium level of impact for impact. The IT section will be needed in all scenarios.

### **Staffing**

3.0 FTE, Industrial Relations Agent 2 (IRA2), permanent, effective July 1, 2024. Duties include investigating prevailing wage complaints and violations of the prevailing wage laws in accordance with RCW 39.04 and 39.12 by obtaining evidence through document requests and auditing payroll records.

- Due to the increased complexity and time necessary to complete an investigation under this bill, L&I assumes this bill will increase the number of days it takes to complete an investigation from 180 days to 270 days, an increase of 90 days.
- Each IRA 2 can handle 16 cases per year based on the assumed complexity of these cases
- L&I assumes this bill will create 50 additional cases
- $50 \text{ cases} / 16 \text{ cases per year} = 3.13 \text{ FTE}$

1.0 FTE, Industrial Relations Agent 3s (IRA3), permanent, effective July 1, 2024. Duties include enforcing the prevailing wage laws, regulations, and requirements under RCW 39.04 and 39.12 and providing direction to other Industrial Relations Agents statewide regarding difficult or complex cases.

- The program will need one additional IRA3s as leads for the new IRA 2s and to assist with the high-level wage investigations.

1.0 FTE, Industrial Relations Agent 4s (IRA4), permanent, effective July 1, 2024. Duties include providing statewide technical expertise on compliance, education, and enforcement of prevailing wage under RCW 39.04 and 39.12 and supervision of the IRAs in the field.

- The program will need one additional IRA4s to supervise the new team of IRA2s and IRA3s being deployed.

5.0 FTE, Customer Service Specialist 2s (CSS2), permanent, effective July 1, 2024. Duties include assisting customers internally and externally via telephone and in person providing guidance on proper filing of affidavits to pay prevailing wages; uses the Prevailing Wage Intent and Affidavit (PWIA) system to process affidavits and certified payroll reports received.

- L&I receives an approximately 70,000 – 75,000 affidavits forms per year.
- It is assume that this bill will increase the number of affidavits by approximately 35,000 per year, or 135 affidavits per day.
- Each CSS2 can process 25 affidavits per day
- $135 \text{ affidavits per day} / 25 \text{ affidavits processed} = 5.38 \text{ FTE}$

A future decision package will be required if the number of cases or affidavits per year deviates from the assumptions above.

### **Information Technology**

The expenditure calculations in this fiscal note include changes to the hourly rates for contract technology based on an annual analysis completed by Labor & Industries (L&I). These changes include rates based on expert skill level and an inflationary factor in all categories. All expenditures in this section are for the 2023-25 biennium.

Contract developers will modify and enhance the existing Prevailing Wage Intents and Affidavits Suite, an internal L&I system, and will take 18 months to complete. Quality Assurance (QA), hardware, software, and server infrastructure costs are also required for this effort.

A total of \$2,040,008 is needed in the 2023-25 biennium for all information technology changes. This includes:

- Contractor costs – \$1,790,616 is needed for 13,398 contractor hours
- QA – \$206,000
- Hardware – \$3,672
- Software – \$39,720

**Rule making**

\$5,000 is needed for two rule making hearings to occur prior to July 1, 2024. The average cost of one rule making hearing is \$2,500 (2 hearings x \$2,500 each = \$5,000).

**Administrative Hearings**

The Office of Administrative Hearings (OAH) assumes the following costs related to HB 1099, beginning in FY 2025:

- 0.14 Administrative Law Judge (ALJ) at a cost of \$27,030
- 0.08 Legal Assistant 2 at a cost of \$13,581
- Total rounded cost for OAH: \$40,000 per FY.

**Indirect Costs**

The amount included in this fiscal note for indirect is:

Fund Name		FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
234	Public Works Admin.		63,000	63,000	63,000	63,000	63,000
	Total:	\$0	\$63,000	\$63,000	\$63,000	\$63,000	\$63,000

The department assesses an indirect rate to cover agency-wide administrative costs. Labor and Industries’ indirect rate is applied on salaries, benefits, and standard costs. For fiscal note purposes, the total indirect amount is converted into salary and benefits for partial or full indirect FTEs. Salary and benefits costs are based on a Fiscal Analyst 5 (Range 59, Step G).

**Part IV: Capital Budget Impact**

None.

## **Part V: New Rule Making Required**

This legislation would result in rule changes to:

- WAC 296-127-011, Time for determining prevailing wage.
- WAC 296-127-023, Building service maintenance.

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1099 HB	<b>Title:</b> Public works wages	<b>Agency:</b> SWF-SWF Statewide Fiscal Note - OFM
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## Part I: Estimates

**No Fiscal Impact**

**Estimated Cash Receipts to:**

NONE

**Estimated Operating Expenditures from:**

NONE

**Estimated Capital Budget Impact:**

**Non-zero but indeterminate cost and/or savings. Please see discussion.**

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Trudes Tango	Phone: 360-786-7384	Date: 01/09/2023
Agency Preparation: Julie Pettit	Phone: 3608902669	Date: 01/25/2023
Agency Approval: Jamie Langford	Phone: (360) 870-7766	Date: 01/25/2023
OFM Review: Jennifer Masterson	Phone: (360) 810-0117	Date: 01/25/2023

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

Section 2: Amends RCW 39.12.030, Contract Specifications Must State Minimum Hourly Rate – Stipulation for Payment – Residential and Commercial Construction Work. The RCW is amended by adding that the contract must be adjusted, as necessary, to provide that such minimum wage is not less than the latest prevailing rate of wage in effect at the time the work is performed.

Section 3: This bill takes effect July 1, 2024

### II. B - Cash receipts Impact

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

None

### II. C - Expenditures

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.*

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

NONE

### III. B - Expenditures by Object Or Purpose

NONE

**III. C - Operating FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

### III. D - Expenditures By Program (optional)

NONE

## Part IV: Capital Budget Impact

### IV. A - Capital Budget Expenditures

Non-zero but indeterminate cost and/or savings. Please see discussion.

### IV. B - Expenditures by Object Or Purpose

Non-zero but indeterminate cost and/or savings. Please see discussion.

### IV. C - Capital Budget Breakout

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

Non-zero but indeterminate cost and/or savings. Please see discussion.



**IV. D - Capital FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

This bill requires public works contracts specify that wages paid to workers will not be less than the latest prevailing wage rate in effect at the time the work is performed.

Under the current state, the prevailing wage rate for workers is determined at the time of the prime contractor's bid due date, or the date the contract is awarded if the contract is not awarded within six months of the bid due date. The prevailing wage rate determined at that time remains the same for the life of the project.

If this bill becomes law, contracts must stipulate that the hourly minimum wage rate for laborers, workers, and mechanics must be adjusted to provide that the wage is not less than the latest prevailing wage rate in effect at the time the work is performed. This would take effect beginning July 1, 2024.

Potential increases to prevailing wages during the implementation of capital construction projects, which sometimes take over a year to complete, will likely be taken into account when contractors bid on state agency projects. We assume contractors would pass along any increase in labor costs to agencies in the form of higher estimates/bids. However, it is impossible to quantify the potential impact to individual bids or to the state capital budget in aggregate at this time.

## **Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*