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Bill Analysis
Legislative Service Commission

H.B. 45

125th General Assembly
(As Introduced)

Reps. Boccieri, Ujvagi, Brown, Beatty, Harwood, Koziura, Otterman, Allen, Strahorn, Miller

BILL SUMMARY

- Subjects school facilities construction to the Prevailing Wage Law.
- Prohibits schools from awarding a contract for a public improvement supported in whole or in part by the state to a contractor who does not have a principal place of business in Ohio.

CONTENT AND OPERATION

Prevailing Wage Law overview

Ohio's Prevailing Wage Law (Chapter 4115. of the Revised Code), requires that any public authority wishing to engage in the construction of a public improvement ensure that the workers employed on the project are paid the "prevailing rate of wages." The prevailing wage is the sum of the basic hourly rate of pay, contributions by a contractor or subcontractor to a fund, plan, or program, and the costs to the contractor or subcontractor in providing various fringe benefits (unless the benefits are required under federal, state, or local law).

The requirement to pay the prevailing wage generally applies to any officer, board, or commission of the state, any political subdivision, and any institution supported by public funds. The law applies to any new construction of a public improvement fairly estimated to cost more than \$62,549 during calendar year 2003, and any renovation of a public improvement fairly estimated to cost more than \$18,764 during calendar year 2003 and if the construction or renovation is performed by other than full-time employees of the public authority who are not in the classified civil service of the public authority.¹

¹ *The Prevailing Wage Law defines a "public improvement" as all buildings, roads, streets, alleys, sewers, ditches, sewage disposal plants, water works, and all other*

The law is administered by the Director of Commerce and by individual project "coordinators" whom a public authority must appoint for each project. The law further imposes various record-keeping and procedural requirements upon public authorities and it establishes penalties for violation and remedies for employees who are not properly paid under the law.

Under current law, all of the following are exempt from the prevailing wage requirements:

(1) Public improvement projects where the federal government furnishes by loan or grant all or any part of the funds for the improvements, and specifies under its prevailing wage statute the minimum rates of pay for workers on the projects;

(2) Participants in certain subsidized employment programs when a public authority directly uses the labor of the participant to construct a public improvement if the participant is not engaged in paid employment or subsidized employment pursuant to the activity;

(3) In certain circumstances, public improvements undertaken by, or under contract for a county hospital;

(4) Public improvements undertaken by, or under contract for, the board of education of any school district or the governing board of any educational service center. (Sec. 4115.04(B).)

Removing schools from the prevailing wage exemption

The bill removes from the list of exemptions above, public improvements undertaken by the board of education of any school district or the governing board of any educational service center, thereby making school facilities construction subject to the Prevailing Wage Law. (Sec. 4115.04(B).)

Award of school facilities construction contracts

Under current law, with respect to the award of any contract for construction or improvements made by the state or supported in part or in whole

structures or works constructed by a public authority of the state, a political subdivision of the state, or by any person who contracted with a public authority to undertake such construction (sec. 4115.03(C)).

The threshold figures listed above must be adjusted biennially by the Director of Commerce in a manner provided under the Prevailing Wage Law. (Sec. 4115.034.)

by the state, except for contracts for products produced or mined in Ohio or financed in whole or in part by the federal government, preference is given to contractors having their principal place of business in Ohio over contractors having their principal place of business in a state that provides a preference in that state in favor of contractors of that state for the same type of work. In such a case, a contractor with a principal place of business in Ohio will receive preference over the other contractor in the same manner that that contractor receives a preference in the state where its principal place of business is located. Also under current law, if one party of a joint venture is a contractor having its principal place of business in Ohio, the joint venture is considered as having its principal place of business in Ohio.

The bill adds a restriction on the award of public improvement contracts by schools. Specifically, only contractors having their principal place of business in Ohio, including joint ventures with at least one partner with a principal place of business in Ohio, are eligible for the award of a contract by a board of education of a school district or the governing board of an educational service center for the construction, reconstruction, improvement, enlargement, alteration, repair, painting, or decoration of a public improvement that is supported in whole or in part by the state. (Sec. 153.012(B).)

HISTORY

ACTION	DATE	JOURNAL ENTRY
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