



*BEFORE THE HOUSE ECONOMIC DEVELOPMENT,
COMMERCE & LABOR COMMITTEE
PROPONENT TESTIMONY ON HB 163
Tuesday, September 19th, 2017*

Chair Young, Vice Chair DeVitis, Ranking Member Lepore-Hagan, and members of the House Economic Development, Commerce and Labor Committee, thank you for the opportunity to provide proponent testimony on House Bill 163. My name is Don Boyd and I am the Director of Labor and Legal Affairs for the Ohio Chamber of Commerce.

The Ohio Chamber is the state's leading business advocate, and we represent nearly 8,000 companies that do business in Ohio. Our mission is to aggressively champion free enterprise, economic competitiveness and growth for the benefit of all Ohioans. The Ohio Chamber of Commerce is a champion for Ohio business so our state enjoys economic growth and prosperity.

History

Ohio's prevailing wage law, found in Chapter 4115 of the Revised Code, was enacted in 1931 and regulates state public construction projects. As of January 1, 2017, 29 states have prevailing wage laws on the books. Ohio's prevailing wage rates do not reflect actual local construction wages for both union and non-union employees. This is because the prevailing wage is primarily set by tables developed from the local construction unions' bargaining agreement, many of which are statewide agreements. This leads to disparate wages in many counties around the state. The percentage of unionized construction workers in the state is less than 20%. Therefore, under the current structure, less than 20% of the workforce is dictating what the prevailing wage rate is for the other 80% of workers throughout the state.

House Bill 163

HB 163 would provide local governments, special districts, and state higher education institutions with a choice on whether they wish to be subject to Ohio's prevailing wage law on public improvement projects. Under Ohio's prevailing wage laws, the labor

component is fixed and not subject to competitive bidding on government construction projects. Requiring nonunion contractors to use union wage rates flies in the face of the free market and limits one area where nonunion contractors could have a competitive advantage. In effect, this shields unions from competitive pressures on labor costs by requiring all contractors to pay the same rate. While we support an outright repeal of Ohio's prevailing wage law, we believe House Bill 163 is a step in the right direction.

Simply put, Ohio's Prevailing Wage Law interferes with the free enterprise principles espoused in our mission statement and limits the number of qualified contractors who may be able to bid on a project. A state mandated wage severely restricts competition in the marketplace on public improvement projects where Ohio's prevailing wage law is applied. By limiting the ability to take labor costs into account, the prevailing wage law limits both the contractors who are willing bid on a project and the competition among those who do. Less competition can result in a failure to negotiate the best possible price leading to increased costs for government constructions jobs—costs borne by all Ohio taxpayers.

HB 163, by promoting free enterprise and competition, provides flexibility and would allow businesses and workers a chance to compete more freely and fairly on public improvement projects. Further, allowing greater competition would provide a better business environment in Ohio.

Thank you for the opportunity to provide this testimony and I would be happy to answer any questions you may have at this time.