

# CAPITOL RESEARCH

● ● ● FISCAL & ECONOMIC DEVELOPMENT POLICY

## TRENDS IN PREVAILING WAGE LAWS

Prevailing wage laws are laws created by state governments or local municipalities to set a rate of pay that is thought to be standard for a labor group contracted to do public-sector projects in that area. The standard rate of pay is oftentimes determined by analyzing local wage data and identifying the median or average rate of pay for a labor group or project.

While prevailing wage laws are decided on a state-by-state basis for state and local contracts, the federal government is mandated to pay prevailing wages to its contracted workers by both the Davis-Bacon Act of 1931, which governs wages for construction and repair contracts regarding public buildings or projects, and the McNamara-O'Hara Service Contract Act of 1965, which governs contracts for services rendered to the federal government.

### AMONG THE 29 STATES WITH A PREVAILING WAGE LAW, MOST STATES (21) HAVE A DOLLAR THRESHOLD AMOUNT FOR CONTRACT COVERAGE UNDER THE LAW.

- Threshold amounts range from a low of \$1,000 in California and Rhode Island to a high of \$400,000 in Connecticut. More than half of states with a threshold (12) have a threshold amount between \$25,000 and \$50,000.
- Eight states—Illinois, Massachusetts, Michigan, Missouri, Nebraska, New York, Texas and Washington—do not have a threshold amount for contract coverage.

### THERE ARE CURRENTLY 21 STATES WITHOUT A PREVAILING WAGE LAW. AMONG THOSE STATES, 13 HAVE HAD A PREVAILING WAGE LAW ON THE BOOKS AT SOME POINT IN THE PAST, BUT THOSE LAWS WERE EITHER REPEALED OR INVALIDATED BY THE COURT.

- Recently, three states—Indiana, Kentucky and West Virginia—have repealed their prevailing wage laws:
  - **Indiana:** repealed its Common Construction Wage statute in 2015. Prevailing wages that applied to contracts for construction greater than \$350,000 awarded before July 1, 2015, are still enforceable.
  - **Kentucky:** On Jan. 7, 2017, Gov. Matt Bevin signed HB 3, which repealed Kentucky's prevailing wage statutes.
  - **West Virginia:** effective May 2016, West Virginia's prevailing wage statute was repealed.
- In two states—Arizona and Oklahoma—the courts have invalidated prevailing wage statutes. Arizona's law was invalidated by a court decision in 1980 and fully repealed by referendum in 1984. Oklahoma's law was invalidated in 1995.
- In addition to the three states that have recently repealed their laws, from 1979-1988 eight states—Alabama, Colorado, Florida, Idaho, Kansas, Louisiana, New Hampshire and Utah—repealed their laws.



Data Source: U.S. Department of Labor and CSG Research as of 1/30/2017



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### State Prevailing Wage Laws 2017

| State          | Current Prevailing Wage Law? | Threshold Amounts for Contract Coverage Under State Prevailing Wage Laws   | Repeal Notes  |
|----------------|------------------------------|--|---|
| Alabama        | No                           | n/a  | Repealed in 1980  |
| Alaska         | Yes                          | \$25,000   |   |
| Arizona        | No                           | n/a  | Invalidated by 1980 court decision;<br>Repealed in referendum in 1984 |
| Arkansas       | Yes                          | \$75,000   |   |
| California (1) | Yes                          | \$1,000  |   |
| Colorado       | No                           | n/a  | Repealed in 1985  |
| Connecticut    | Yes                          | \$400,000 for new construction, \$100,000 for remodeling   |   |
| Delaware       | Yes                          | \$100,000 for new construction, \$15,000 for alteration, repair, renovation, rehabilitation, demolition or reconstruction            |   |
| Florida        | No                           | n/a  | Repealed in 1979  |
| Georgia        | No                           | n/a  |   |
| Hawaii         | Yes                          | \$2,000  |   |
| Idaho          | No                           | n/a  | Repealed in 1985  |
| Illinois       | Yes                          | None   |   |
| Indiana        | No                           | n/a  | Repealed in 2015  |
| Iowa           | No                           | n/a  |   |
| Kansas         | No                           | n/a  | Repealed in 1987  |
| Kentucky       | No                           | n/a  | Repealed in 2017  |
| Louisiana      | No                           | n/a  | Repealed in 1988  |
| Maine          | Yes                          | \$50,000   |   |
| Maryland (2)   | Yes                          | \$500,000  |   |
| Massachusetts  | Yes                          | None   |   |
| Michigan       | Yes                          | None   |   |
| Minnesota      | Yes                          | \$25,000 if one trade involved, \$2,500 for single trade   |   |
| Mississippi    | No                           | n/a  |   |
| Missouri       | Yes                          | None   |   |
| Montana        | Yes                          | \$25,000   |   |
| Nebraska       | Yes                          | None   |   |
| Nevada         | Yes                          | \$250,000  |   |
| New Hampshire  | No                           | n/a  | Repealed in 1985  |
| New Jersey (3) | Yes                          | \$15,444   |   |
| New Mexico     | Yes                          | \$60,000   |   |
| New York       | Yes                          | None   |   |
| North Carolina | No                           | n/a  |   |
| North Dakota   | No                           | n/a  |   |
| Ohio (4)       | Yes                          | \$200,000 for new construction, \$60,000 for remodeling  |   |
| Oklahoma       | No                           | n/a  | Invalidated by 1995 court decision                                    |
| Oregon         | Yes                          | \$50,000   |   |
| Pennsylvania   | Yes                          | \$25,000   |   |
| Rhode Island   | Yes                          | \$1,000  |   |
| South Carolina | No                           | n/a  |   |
| South Dakota   | No                           | n/a  |   |
| Tennessee      | Yes                          | \$50,000   |   |
| Texas          | Yes                          | None   |   |
| Utah           | No                           | n/a  | Repealed in 1981  |
| Vermont        | Yes                          | \$100,000  |   |
| Virginia       | No                           | n/a  |   |
| Washington (5) | Yes                          | None   |   |
| West Virginia  | No                           | n/a  | Repealed in 2016  |
| Wisconsin (6)  | Yes                          | \$48,000 if single trade project of public works is involved, \$100,000 if multiple trade project, None for local governmental units |   |
| Wyoming        | Yes                          | \$25,000   |   |