

MAINE STATE LEGISLATURE

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STATE OF MAINE
SENATE
122ND LEGISLATURE
FIRST SPECIAL SESSION

COMMITTEE AMENDMENT "A" to S.P. 172, L.D. 546, Bill, "An Act to Promote Responsible Contracting Practices on State Projects"

Amend the bill by striking out the title and substituting the following:

'An Act To Clarify the Prevailing Wage'

Further amend the bill by striking out everything after the enacting clause and before the summary and inserting in its place the following:

'Sec. 1. 26 MRSA §1308, sub-§1, as amended by PL 1997, c. 757, §7, is repealed and the following enacted in its place:

1. Determination of wage and benefit rates. The Bureau of Labor Standards shall investigate and determine the prevailing hourly wage and benefits rate paid in the construction industry in this State during the 2nd and 3rd week of September of each year. Prevailing wages and benefits must be determined in September 1999 and become effective upon determination. In determining the prevailing rates, the bureau may ascertain and consider the applicable wage and benefits rates established by collective bargaining agreements, if any, and those rates that are paid generally in the locality where the construction of the public works is to be performed. In determining the prevailing rate for health insurance benefits, the bureau shall include for each employer a health benefit at a rate that is the greater of:

A. The value of the health insurance benefit actually provided; and

COMMITTEE AMENDMENT

2 B. A median hourly rate for health insurance based on the
 4 small group rates filed with the Department of Professional
 and Financial Regulation, which must include rates filed for
 Dirigo Health and any of its contractors.

6 For purposes of this subsection, "benefits" means health and
 8 welfare contributions, pension or individual retirement account
 10 contributions and vacation and annuity contributions, per diem in
 12 lieu of wages and any other form of payment, except for wages,
 made to or on behalf of the employee. If a defined contribution
 amount is not established, the most accurate estimated value of
 contributions must be included.

14 **Sec. 2. Appropriations and allocations.** The following
 16 appropriations and allocations are made.

18 **TRANSPORTATION, DEPARTMENT OF**

20 **Departmentwide 0864**

22 Initiative: Allocates funds to be distributed through the use of
 24 financial orders for the increased labor costs pertaining to
 changes in the manner in which the prevailing rate for health
 insurance benefits is calculated.

26	HIGHWAY FUND	2005-06	2006-07
28	Unallocated	\$385,000	\$1,540,000
30	HIGHWAY FUND TOTAL	<u>\$385,000</u>	<u>\$1,540,000</u>

32 **TRANSPORTATION, DEPARTMENT OF**
 34 **DEPARTMENT TOTALS**

34		2005-06	2006-07
36	HIGHWAY FUND	\$385,000	\$1,540,000
38	DEPARTMENT TOTAL - ALL FUNDS	<u>\$385,000</u>	<u>\$1,540,000</u>

40 **ADMINISTRATIVE AND FINANCIAL SERVICES,**
 42 **DEPARTMENT OF**

42 **Departmentwide 0013**

44 Initiative: Appropriates funds to be distributed through the use
 46 of financial orders for the increased labor costs pertaining to
 changes in the manner in which the prevailing rate for health
 insurance benefits is calculated.

48	GENERAL FUND	2005-06	2006-07
50	Unallocated	\$1,208,882	\$1,611,842

COMMITTEE AMENDMENT "A" to S.P. 172, L.D. 546

2	GENERAL FUND TOTAL	<u>\$1,208,882</u>	<u>\$1,611,842</u>
4	ADMINISTRATIVE AND FINANCIAL SERVICES,		
	DEPARTMENT OF		
6	DEPARTMENT TOTALS	2005-06	2006-07
8	GENERAL FUND	\$1,208,882	\$1,611,842
10	DEPARTMENT TOTAL - ALL FUNDS	<u>\$1,208,882</u>	<u>\$1,611,842</u>
12	UNIVERSITY OF MAINE SYSTEM,		
14	BOARD OF TRUSTEES OF THE		
16	Education and General Activities - UMS 0031		
18	Initiative: Appropriates funds for the increased labor costs		
	pertaining to changes in the manner in which the prevailing rate		
	for health insurance benefits is calculated.		
20	GENERAL FUND	2005-06	2006-07
22	All Other	\$1,087,731	\$1,450,308
24	GENERAL FUND TOTAL	<u>\$1,087,731</u>	<u>\$1,450,308</u>
26	UNIVERSITY OF MAINE SYSTEM,		
28	BOARD OF TRUSTEES OF THE		
	DEPARTMENT TOTALS	2005-06	2006-07
30	GENERAL FUND	\$1,087,731	\$1,450,308
32	DEPARTMENT TOTAL - ALL FUNDS	<u>\$1,087,731</u>	<u>\$1,450,308</u>
34	COMMUNITY COLLEGE SYSTEM,		
36	BOARD OF TRUSTEES OF THE MAINE		
38	Maine Community College System - Board of Trustees 0556		
40	Initiative: Appropriates funds for the increased labor costs		
	pertaining to changes in the manner in which the prevailing rate		
	for health insurance benefits is calculated.		
42	GENERAL FUND	2005-06	2006-07
44	All Other	\$111,881	\$149,175
46	GENERAL FUND TOTAL	<u>\$111,881</u>	<u>\$149,175</u>
48	COMMUNITY COLLEGE SYSTEM,		
50	BOARD OF TRUSTEES OF THE MAINE		
	DEPARTMENT TOTALS	2005-06	2006-07

2	GENERAL FUND	\$111,881	\$149,175
4	DEPARTMENT TOTAL - ALL FUNDS	<u>\$111,881</u>	<u>\$149,175</u>
6	SECTION TOTALS	2005-06	2006-07
8	GENERAL FUND	\$2,408,494	\$3,211,325
10	HIGHWAY FUND	\$385,000	\$1,540,000
12	SECTION TOTAL - ALL FUNDS	<u>\$2,793,494</u>	<u>\$4,751,325'</u>

14 **SUMMARY**

16 This amendment, which is the majority amendment of the
18 committee, replaces the bill. It also changes the title of the
20 bill. The amendment provides that, in collecting information
22 from employers and determining the prevailing rate for health
24 insurance, the Department of Labor, Bureau of Labor Standards
assumes that an employer pays costs for health insurance at a
rate that is either the median rate for small group health
insurance, including Dirigo Health, or at the rate the employer
actually pays for health insurance, whichever is higher.

26 This amendment also adds an appropriations and allocations
28 section.

30 **FISCAL NOTE REQUIRED**
(See attached)



122nd MAINE LEGISLATURE

LD 546

LR 1915(02)

An Act To Promote Responsible Contracting Practices on State Projects

Fiscal Note for Bill as Amended by Committee Amendment 'A'

Committee: Labor

Fiscal Note Required: Yes

Fiscal Note

	2005-06	2006-07	Projections 2007-08	Projections 2008-09
Net Cost (Savings)				
General Fund	\$2,408,494	\$3,211,325	\$3,211,325	\$3,211,325
Highway Fund	\$385,000	\$1,540,000	\$1,540,000	\$1,540,000
Appropriations/Allocations				
General Fund	\$2,408,494	\$3,211,325	\$3,211,325	\$3,211,325
Highway Fund	\$385,000	\$1,540,000	\$1,540,000	\$1,540,000

Fiscal Detail and Notes

Certain changes in the manner in which the prevailing rate for health insurance is calculated will increase General Fund labor costs for the Department of Administrative and Financial Services by \$1,208,882 and \$1,611,842 in fiscal years 2005-06 and 2006-07 and Highway Fund costs for the Department of Transportation by \$385,000 and \$1,540,000 in fiscal years 2005-06 and 2006-07.

This bill includes General Fund appropriations of \$1,087,731 in fiscal year 2005-06 and \$1,450,308 in fiscal year 2006-07 to the University of Maine System for the costs associated with changes in determining the prevailing rate for health insurance benefits.

This bill also includes General Fund appropriations of \$111,881 and \$149,175 in fiscal years 2005-06 and 2006-07, respectively, for the increased labor costs to the Maine Community College System associated with this legislation.

Additional costs to the Department of Labor can be absorbed utilizing existing budgeted resources.