MINUTES OF THE
SENATE COMMITTEE ON GOVERNMENT AFFAIRS

Eightieth Session
May 6, 2019

The Senate Committee on Government Affairs was called to order by Chair David R. Parks at 1:30 p.m. on Monday, May 6, 2019, in Room 2149 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4404B of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Exhibit A is the Agenda. Exhibit B is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator David R. Parks, Chair
Senator Melanie Scheible, Vice Chair
Senator James Ohrenschall
Senator Ben Kieckhefer
Senator Pete Goicoechea

GUEST LEGISLATORS PRESENT:

Assemblyman Richard Daly, Assembly District No. 31
Assemblyman Jason Frierson, Assembly District No. 8

STAFF MEMBERS PRESENT:

Jennifer Ruedy, Committee Policy Analyst
Heidi Chlarson, Committee Counsel
Suzanne Efford, Committee Secretary

OTHERS PRESENT:

William Stanley, Southern Nevada Building Trades Union
Jeffery Waddoups, Ph.D.
Paul McKenzie, Building & Construction Trades Council of Northern Nevada, AFL-CIO
Danny Thompson, Operating Engineers Local 3 and Local 12
Ruben Murillo, Nevada State Education Association

Warren Hardy, Nevada League of Cities and Municipalities; Associated Builders and Contractors Nevada Chapter
Craig Madole, Associated General Contractors, Nevada Chapter
Daniel Honchariw, Nevada Policy Research Institute
Brian Reeder, Nevada Contractors Association
Michael Pelham, Nevada Taxpayers Association
David Dazlich, Las Vegas Metro Chamber of Commerce
Dylan Shaver, City of Reno

CHAIR PARKS:
We will open the hearing on Assembly Bill (A.B.) 136.

ASSEMBLY BILL 136: Makes various changes relating to public construction. (BDR 28-145)

ASSEMBLYMAN JASON FRIERSON (Assembly District No. 8):
Assembly Bill 136 deals with prevailing wage. During the 2015 Legislative Session, the Legislature passed various measures regarding public construction and the application of prevailing wages. Those bills sought to weaken the law in an attempt to realize short-term financial benefits. However, in doing so the change in the law did more harm than good by undermining Nevada's workforce and potentially raising long-term costs by lowering the quality of public construction projects.

This bill reverses those law changes and returns public construction and prevailing wage laws to what existed prior to 2015. If these laws are strengthened, the State will benefit in a number of ways and provide assurances regarding the construction of public buildings. By requiring the payment of prevailing wages on public projects, we not only support our local labor force by providing competitive wages, we also attract the most qualified workers.

When it comes to public work construction projects, especially schools, we want safe, long-lasting buildings that will require minimal maintenance and repairs. To do this, the most highly qualified workers must be hired. Public work projects paying prevailing wage attract local, experienced construction workers who deliver high-quality work on time and on budget.

Prevailing wage laws allow for more competition among contractors for public construction projects which ensures these projects will end up with more highly skilled workers and, ultimately, a better product.

The bill removes the requirement for school districts and the Nevada System of Higher Education (NSHE) to pay wages at 90 percent of the rate. It lowers the public construction cost threshold at which prevailing wage law applies from $250,000 to $100,000. It eliminates language prescribing the manner in which the Labor Commissioner must determine the prevailing wage, and it subjects charter schools to the same prevailing wage requirements as all other public construction projects.

I want to be clear on some of the fiscal notes I have seen throughout the development of this bill. This bill does not go into effect until July 1. It does not affect any public work or other public construction being built, including any contracts for construction awarded between now and July 1.

I want to highlight one point about the impact of the 2015 Legislative Session on apprenticeships. Prior to 2015, apprenticeship programs were doing okay. In 2017, a commitment was made to address the apprenticeship issue at some point. This is not a surprise. The decrease in the diversity both in race and gender of those who were able to participate in apprenticeship programs is startling. Apprenticeships have long-term benefits in the quality of construction projects and in having a healthy apprenticeship community which makes this bill well worth the effort.

WILLIAM STANLEY (Southern Nevada Building Trades Union):
The Southern Nevada Building Trades Union supports this bill and the provisions it sets out. Prior to this Session, the Unified Construction Industry Council funded a study that we asked Jeffery Waddoups, Ph.D., to help put together. I have submitted the executive summary of the study, *The Impact of Nevada's Ninety-Percent Prevailing Wage Policy on School Construction Costs, Bid Competition, and Apprenticeship Training* (Exhibit C).

JEFFERY WADDOUPS, PH.D.:
I am a professor of economics at the University of Nevada, Las Vegas, and the chair of the Economics Department. However, I am here as an independent researcher. One of my areas of expertise is labor economics, and I have done some work on the construction industry.

My coauthor of the study is Kevin Duncan, Ph.D., a professor at Colorado State University, Pueblo. He is also an expert in the labor market in the construction sector.

We estimated the impact of A.B. No. 172 of the 78th Session, which became law in 2015, in reducing prevailing wage rates for school construction by 90 percent of the standard rate and increasing the public construction cost threshold from $100,000 to $250,000 at which prevailing wage applies. The study is a data-driven analysis of school construction costs, bid competition and apprenticeship training given the impact of A.B. No. 172 of the 78th Session on those items.

The major finding of our study, using data on school construction costs from 2013 to 2017, showed there was no statistically significant impact of prevailing wage laws on construction costs. It is not surprising there is no impact of prevailing wage laws on construction costs because many studies have been done, and the literature supports our findings. If that is the case, the 90 percent policy could not have lowered construction costs.

We found that A.B. No. 172 of the 78th Session did not deliver on its promise to lower construction costs on schools. Our findings are consistent with many peer-reviewed studies—roughly 85 percent of the peer-reviewed studies. Our findings are also consistent with the assertion that reducing the threshold from $250,000 to $100,000 will not raise costs.

An unintended consequence of A.B. No. 172 of the 78th Session was to undermine apprenticeship training. It turns out that signatory contractors were substantially less likely to pursue construction on schools after the passage of A.B. No. 172 of the 78th Session. For example, in our data on roofing and asphalt, the signatory market share went down from 69 percent of the contractors being signatory to 41 percent. When the signatory contractors lost market share, the community lost a greater incidence of training that goes along with that market share.

Joint apprenticeship programs are operated through cooperative agreements between a group of contractors and a trade union. There are also unilateral programs operated generally by a trade association. However, these two programs differ greatly. Joint programs train workers in a full range of trades, while unilateral programs only train workers in electrical, plumbing and

pipe fitting work. We found that joint programs registered 91.5 percent of apprentices over the period between 2000 and 2017. That is 26,476 apprentices. Joint programs have higher rates of completion, 47 percent to 55 percent. Over the period between 2000 and 2017, joint programs contributed to diversity by training 2,604 Hispanic workers versus unilateral programs which trained 117 Hispanic workers. Joint programs trained 517 African-American workers versus 36 trained in unilateral programs. That is a big difference. In joint apprenticeship programs, 317 women were trained in the construction sector and only 12 in unilateral programs.

According to our evidence, A.B. No. 172 of the 78th Session did not reduce construction costs. The unintended consequence due to the decrease of signatory contractors building schools was to undermine apprenticeship programs. We need to take serious steps to train the next generation of skilled construction workers.

PAUL MCKENZIE (Building & Construction Trades Council of Northern Nevada, AFL-CIO):
In the interest of time, rather than have everyone come up and speak, I ask the supporters of this legislation to stand so the Committee can see them.

CHAIR PARKS:
We can do a "me too" for them.

MR. MCKENZIE:
To go along with that study, in 2013, the Building & Construction Trades Council of Northern Nevada and the University of Nevada, Reno, conducted a study on prevailing wage and its economic impact. Some of the issues addressed in that study were that living wages created an environment in which construction workers were safer on the job because they did not have home concerns. One of the problems we have in northern Nevada that southern Nevada is starting to suffer from is people are working two and three jobs to make ends meet because they cannot afford housing. Prevailing wage helps bring construction workers into the market where they can do a good job, return home and relax because they are making a living wage. An added benefit to prevailing wage is the economic security among workers on school construction jobs.

Northern Nevada saw no decrease in construction costs. I sat on the Oversight Panel for School Facilities for the Washoe County School District. School construction costs continued to escalate to a point almost 100 percent above the cost for a school built prior to the 2015 legislation. That rise in costs is driven by the cost of materials. In recent years, with the tariff war going on, those prices are escalating even faster.

The 2013 study determined that 25 percent of the cost of building schools came from the cost of labor. The 10 percent reduction passed in 2015 had a 2.5 percent effect on the cost of a school. That wage level was just a 2.5 percent impact on the cost of a school. It is difficult to say that prevailing wage drives up the cost of a school compared to the escalating costs of everything else.

SENATOR OHRENSCHALL:
Was the study limited to the more-populated counties, or did it cover all of Nevada?

DR. WADDOUPS:
We used data from Clark and Washoe Counties in the study. Probably 90 percent of the State's population is in those two counties.

DANNY THOMPSON (Operating Engineers Local 3 and Local 12):
The Operating Engineers support A.B. 136. I am also a member of the Pharmaceutical Industry Labor-Management Association (PILMA). The PILMA is opposed to price control. The payment of 90 percent of the wage rate passed in 2015 is an artificial price control. Price controls do not work. They create shortages, and you can see what has happened as a result of A.B. No. 172 of the 78th Session.

RUBEN MURILLO (Nevada State Education Association):
The Nevada State Education Association supports A.B. 136.

WARREN HARDY (Nevada League of Cities and Municipalities):
I want to point out some things from Dr. Waddoups testimony. There are studies on both sides of this issue. They disagree on whether prevailing wage costs more, less or about the same. During that period in 2015 when we passed the 90 percent on school construction, there was a 10 percent reduction in the cost of building a school. From the time the law was passed to the time it

was repealed during the 2015 Session, one school was bid—KO Knudsen Middle School in Las Vegas. In 2015, the payment of prevailing wage on school construction was eliminated for about 3 months. Under nonprevailing wage, the bid for that school was $2.7 million. When the law was repealed, the project had to be rebid. That new bid was $3.6 million. This question has been debated and studied by economists, but that situation was a real life apples-to-apples comparison.

The other point is about union contractors losing market share when bidding for school projects and the impact that might have on apprenticeship programs. Union contractors have lost market share because they are required to pay the collective bargain agreement rate. Therefore, they could not take the 10 percent reduction in the cost of prevailing wage. For the most part, especially in the bigger cities and counties, prevailing wage matches the collectively bargained wage because that is the way the system is set up. To say the loss of market share was due to the provisions of the bill in 2015 is not entirely accurate. Certainly, it is partly true; however, it was also the limitations placed by unions upon themselves that led to a competitive disadvantage.

On behalf of the Nevada League of Cities and Municipalities (NLCM), I respectfully request the retention of the $250,000 threshold for prevailing wages or the creation of a mechanism that increases the wage on some sort of a rolling scale based on the cost of labor. There are fiscal notes associated with moving the threshold back to $100,000. I am unaware of a time in which a threshold was changed and then rolled back.

I submitted a Public Works Issue Brief on behalf of the NLCM (Exhibit D).

CRAIG MADOLE (Associated General Contractors, Nevada Chapter):
My opposition to this bill is with section 4, subsections 4 and 5 which would remove the exemption of the payment of prevailing wage on charter school projects. While charter schools receive Distributive School Account funding per pupil, in many circumstances, and in particular with Ace Charter High School, they have to privately raise funds for all of their capital improvements. If this bill passes as written, all of that private money would be required to be spent on prevailing wage. I asked for and discussed some type of threshold to allow something similar to what NSHE has enjoyed. If it privately raises funds for construction projects, it is exempt from the prevailing wage requirements.

DANIEL HONCHARIW (Nevada Policy Research Institute):
I have submitted a prevailing wage analysis completed by Geoffrey Lawrence from the Nevada Policy Research Institute (Exhibit E) and my testimony opposing A.B. 136 (Exhibit F).

CHAIR PARKS:
The Committee has received a letter supporting A.B. 136 from Mandi L. Wilkins, Executive Vice President of the Mechanical Contractors Association of Las Vegas and the Sheet Metal and Air Conditioning Contractors' National Association of Southern Nevada (Exhibit G).

The Committee has also received a letter opposing A.B. 136 from Kimberly Regan, Ed.D., Chief Executive Officer of the Sierra Nevada Academy Charter School (Exhibit H).

We will close the hearing on A.B. 136 and open the hearing on A.B. 190.

ASSEMBLY BILL 190 (1st Reprint): Revises provisions relating to certain construction. (BDR 28-637)

ASSEMBLYMAN RICHARD DALY (Assembly District No. 31):
Assembly Bill 190 provides a definition of bona fide fringe benefit under prevailing wage laws and how the requirements for paying a fringe benefit are met. Over the years, there have been many cases in which contractors would pay for someone's gym membership and consider that a bona fide fringe benefit. Some people have claimed they have paid fringe benefits but actually paid nothing. We want clarification so when the Labor Commissioner determines fringe benefits were paid, there is a definition in statute.

Section 1, subsection 15 of the bill contains the definition of an "offense" which is the failure to discharge an obligation to pay wages in a manner that violates the provisions of *Nevada Revised Statutes* (NRS) 338.035.

We have added a provision regarding how benefits can be paid. If benefits are paid on a prevailing wage job, they must be paid on an annualized basis. That aligns with federal law requirements. For example, a person on a public construction job works for 1,000 hours out of the year and works on other nonpublic jobs for 1,000 hours for a total of 2,000 hours a year. The employer pays $10 per hour for health and welfare benefits on the public work job only,

but pays nothing on the nonpublic work job. Under annualization rules from the federal government which this bill adopts, the employer will only get credit for the amount he or she would have paid for the entire 2,000 hours. That would be $10 per hour divided by 2,000 hours. The employer is only going to get credit for $5 per hour for the public work job, and he or she would owe $5 to the worker for the other job.

The employer can: pay benefits on all of the hours at whatever rate he or she wants as long as the same rate applies on both jobs; pay benefits only on the public works job as he or she has been doing but only get credit for half of it; or not pay any benefits at all which is not what we want to happen, but it is probably what some will do. Annualization can be complicated.

The bill allows the Labor Commissioner to recognize not only zone rates but payments for weekends or holidays if the prevailing wage rate is determined to be a union rate. The Labor Commissioner can also adjust the wage rate when a collective bargaining agreement makes a wage rate change. Many agreements coincide with the October 1 prevailing wage date, so this would allow adjustments as they are made under the agreements.

The bill also allows freezing the prevailing wage. When the date of the job is bid, the prevailing wage will only remain frozen for 36 months if it is a long-term job. After 36 months, the Labor Commissioner would be able to review the wage and increase it to the current rate or leave it at the same rate if the prevailing wage rate is lower. For projects lasting for several years, such as Project NEON which has been going on for about three years, law requires that when the job is bid, the rate is frozen for the length of the job. If it is a long-term job, it is difficult to get people to finish it. A project in northern Nevada several years ago—the last stretch of I-580 from South Virginia Street down to Mount Rose Highway—was a 3 1/2-year job. The project started just before a wage increase. By the time this job got going, people were four raises behind and the employer could not get people to work because they could make $3 an hour more on another job. With construction increases now, a person would be $6 an hour or $7 an hour behind on a 3-year job like that. This bill would allow the Labor Commissioner to make that adjustment after 36 months. We had quite a bit of discussion about that in the Assembly.

Sections 10 through 21 of the bill change statutes which require payment of prevailing wage if a public-private partnership arrangement is in place under

NRS 279.500. For example, in redevelopment law and under some other financing mechanisms in which there is public financing of an otherwise private job, prevailing wage must be paid. These sections will make the statute read as uniform as possible. The statute would be NRS 338.013 to NRS 338.090.

The bill also provides that prevailing wage would apply to the same extent as if the governing body had undertaken the project or had awarded the contract. There will be no confusion. There has been litigation in the north and the south over the interpretation of these issues. We want to ensure that the intent of the legislation is clear and less open to misinterpretations.

The last thing the bill does is remove the prohibition in NRS 338.1405 against public agencies entering into a project labor agreement. It does not say that exactly, but that is essentially what it does. It repeals the text in NRS 338.1405 regarding entering into an agreement with a building or labor organization.

MR. STANLEY:
The Southern Nevada Building Trades Union supports A.B. 190. The provisions set out in this bill are long overdue and allow workers who earn fringe benefits to be paid for the whole year. We hope annualization pushes people in that direction.

MR. MCKENZIE:
The Northern Nevada Building & Construction Trades Council supports A.B. 190. It is long overdue. The Legislature has heard the discussion of annualization of benefits for a number of years. The bills have never gotten out of the committees and moved forward to the Governor's desk.

A number of my affiliates are here to support this bill. I ask, in order to save time for the Committee, that they rise in support so they can be recognized for their "me too."

MR. THOMPSON:
The Operating Engineers Local 3 and Local 12 support this bill. This is long overdue.

BRIAN REEDER (Nevada Contractors Association):
The Nevada Contractors Association (NCA) is the group that builds the vast majority of the public works construction projects in southern Nevada. This bill impacts it probably more than most other groups.

The NCA supports prevailing wage. This organization is composed of signatory and nonsignatory members. Collectively, it has worked to support and fight for prevailing wage in the Legislature. It has often partnered with labor unions to make sure prevailing wage laws in Nevada are best for the State.

The NCA opposes this bill, particularly section 5 which deals with the annualization of fringe benefits. That is just a way of blending private and public works construction. The NCA is not comfortable supporting the inclusion of hours worked on private jobs and fringe benefits paid when reporting prevailing wage to the Labor Commissioner.

Also in section 4 is the idea of premium pay. Prevailing wage is not the same as the rate established in a collective bargaining agreement. This bill requires that premium pay in a collective bargaining agreement is to be included in determining prevailing wage. For example, if the collective bargaining agreement gives operating engineers double pay on Sundays, this bill would require that operating engineers on public works jobs also get double pay on Sundays. The public entity would have to keep track of that collective bargaining agreement and other collective bargaining agreements throughout the State. That is not something the NCA wants to support.

MICHAEL PELHAM (Nevada Taxpayers Association):
The Nevada Taxpayers Association opposes this bill. It believes that this bill will reduce the amount of money available for repairs for State buildings and public schools.

DAVID DAZLICH (Las Vegas Metro Chamber of Commerce):
The Las Vegas Metro Chamber of Commerce opposes A.B. 190. My colleague from the NCA did a good job of describing the concerns it has with the annualization of benefits. It is also concerned about the additional difficulties and added expense to taxpayers from the potential implementation of this legislation.

MR. HARDY (Nevada League of Cities and Municipalities; Associated Builders and Contractors Nevada Chapter):
The concern of the NLCM is with the annualization and the mix that creates between the private and public sector wages. It is also concerned about the 36-month provision in which the wage would have to be adjusted if the job is not completed in 36 months. After a job has been bid and agreements reached with subcontractors, that would lead to massive change orders which will cause confusion.

Prevailing wage is an issue. I would not represent that what Assemblyman Daly wants to resolve is not an issue; however, this is probably not the most effective way to deal with it.

The NCLM also has concerns about the collective bargaining agreement-based prevailing wage, particularly the inclusion of premium pay and, as I read the bill, zone pay. The problem of prevailing wage is not the payment of prevailing wage. People should be paid a fair wage. The original purpose of prevailing wage was to guarantee that people working on public sector projects were not paid less than those working in the private sector. The way we apply that in Nevada has led to a situation in which people on prevailing wage jobs are paid significantly more than what is paid in private sector jobs. There is no way for that wage to decrease.

To calculate prevailing wage, the Labor Commissioner conducts surveys. But when the Labor Commissioner gets to 50 percent of the surveys submitted by union contractors, he or she automatically defaults to the collectively bargained rate as the prevailing wage rate in that county and therefore in the State. The problem is that the public sector rates are included in the calculation of prevailing wage. The wage determined to be collectively bargained is included in the surveys, resulting in no way for that wage to go down because the calculated wage is carried forward. Looking at what happened in the private sector during the economic downturn in the mid-2000s, the private sector wage went down significantly while most prevailing wages went up by 10 percent to 20 percent. This bill takes a situation that is flawed and makes it worse.

I am now speaking on behalf of the Associated Builders and Contractors Nevada Chapter that pursued A.B. No. 159 of the 78th Session. Section 31 of this bill repeals A.B. No. 159 of the 78th Session.

Project labor agreements as applied in Nevada have two problems from the nonunion perspective. The first problem is that they do not allow nonunion contractors to use all of their own workers. For example, a nonunion contractor wins a government-funded contract. That is the good news. The bad news is only seven of his or her employees will be able to work on that project. The application of a project labor agreement (PLA) provides that the contractor has to hire: one worker from the union hall, one of his or her own employees, one from the union hall and one of his own to a total of seven. There have to be 15 people employed on that project before the nonunion contractor is able to use even 7 of his or her employees. Imagine a situation in which a contractor explains to employees that the company has won a government-funded project, but not all employees get to work. Some will lose their jobs for the duration of this project to someone who is affiliated with the union.

Many hours have been spent in this Legislature talking about how to get jobs for women, minorities and small businesses. Legislation has been passed through the years to get jobs for women, minorities and small businesses. Ninety percent, if not 100 percent, of women, minorities and small businesses are nonunion contractors. Therefore, who is being disqualified from doing public works jobs? Women, minorities and small businesses are being disqualified. They are being disqualified, but they are not being excluded. They are left with the choice of taking the job which is good for them as owners, but what does that do for their employees? That is an unfair position in which to put people.

Second, PLAs lead to the double payment of benefits for nonunion contractors. Contractors are required to pay into the union trust fund as a provision of accepting the PLA job. Their choice is to pay both the benefit they currently pay and pay into the union trust fund, in which the employee will never vest, or to eliminate the benefit packages for their employees and only pay into the union trust fund.

We thought we had corrected these provisions in the 2015 Session. Project labor agreements are still a tool local governments can use if the contractor decides he or she wants PLAs. Two major jobs in southern Nevada since the passage of A.B. No. 159 of the 78th Session have used PLAs—the Las Vegas Convention and Visitors Authority expansion and the Las Vegas Stadium. However, neither of those projects have the two provisions I just mentioned that we find so offensive.

The contractors decided it was in the best interest of the projects to use PLAs. They also decided it was not in the best interest of their projects to disenfranchise nonunion contractors. The opponents of PLAs often say nonunion contractors bid these all the time, and that is true. They bid them and they win them. That is great news for the owner of the company who is going to benefit, but what about the employees who are gainfully employed being told that because of a policy of the State, they are potentially not able to work on that job. While working so hard to put women, minorities and small businesses to work, the State should not have a policy that works against that goal.

DYLAN SHAVER (City of Reno):
The City of Reno is neutral on A.B. 190 because it wants to remind you that when you pass measures like this, there are always associated costs. Right now, there is a struggle between contractors and labor organizations. The City tries to stay out of that conflict. Nevertheless, when you weigh in one way or the other, the City gets stuck with those bills. This Legislature and this Committee have seen much legislation somewhere along the line of passing costs to the City. I would remind this Committee that because of legislative actions dating back to 2005, the City's income no longer adjusts with inflation. In fact, you have specifically barred it from doing so. When the Great Recession hit and everyone's homes took a loss in value, policy in this State says that tax assessments can only increase by 3 percent per year. Here we are several years outside of the recession; yet local governments cannot collect what they did prior to the recession to pay for the services upon which we all rely. To that end, we ask that you please be cognizant of the costs you are passing on to the City because it does not have the authority to go out and seek new sources of revenue. When new costs are sent to the City, there is always something that has to be given up somewhere along the line.

ASSEMBLYMAN DALY:
These are not new issues. Many people in this community have heard them before. It is the difference between day and night; with Warren Hardy, it is the difference between good and evil.

The only time that premium pay and so forth would be allowed is if the union rate prevails. The Labor Commissioner is going to publish the wage rate and calculate the zone rates as they are done now. The Labor Commissioner will add the zone rates and premium pay for Saturday or Sunday. Contractors will not

have to know what is in each collective bargaining agreement. The Labor Commissioner will publish that as the determination of prevailing wage.

Mr. McKenzie made one slight error. We did pass the annualization portion of this bill in 2013; however, it was vetoed by the Governor, which is part of the reason we are back in the Legislature. Annualization under federal law is the standard put on Davis-Bacon Act jobs. The thought is that someone should not be able to supplement private insurance only on public jobs. If benefits are provided, provide them on all jobs. If benefits are only provided on public jobs, then they will have to be annualized over all of the hours worked by an employee. The contractor is not going to get full credit. The contractor will not be able to subsidize the insurance on the private side jobs on the backs of public works jobs.

That is the theory behind this bill. It is valid, and it is time to have it in this State.

Something Warren Hardy left out regarding PLAs is that when a public agency decides or wants to have a PLA, law prohibits that. The agency could not have one. It is not even a tool, not an option. There are other ways to get there. If the contractor wants to go to the building trades, the owner has nothing to say about it. However, if the owner does not want a PLA, he or she probably will not have it. Right now, owners could not decide to have PLAs as they did in the Boston Harbor decision which is the famous case in which the Boston Harbor Authority was ordered to clean up the harbor by the federal government. The job was a complicated, long-term job, and the Authority could not afford to have employment issues. One paragraph said the successful bidder has to ensure there will be no strikes and the job will get done on time because the Authority could be penalized and fined if the job is not done. It wanted to make sure it had access to qualified people. It told the contractor to address these issues. The contractor negotiated with the building trades and came up with a PLA to do that. That went to the U.S. Supreme Court, which issued a 9-to-0 decision in favor of governments entering into PLAs: *Building and Const. Trades Council of Metropolitan Dist. v. Associated Builders and Contractors of Massachusetts/Rhode Island, Inc., 507 U.S. 218 (1993).* Government entities can do so when acting as consumer construction services. They just make that their policy on every job they are going to do.

All this bill does is allow project labor agreements if a public agency wants to have its concerns addressed for the benefits of constituents.

Prevailing wage was put in place in the 1930s in Nevada. It was designed so that construction done on public works with public dollars did not adversely affect the local economy and workforce. The government agreed and has agreed for the last 80 years that the rate that is determined to prevail in the local area is to be paid. At any given time, public construction is about 30 percent of all construction dollars. Public construction does not want to be the force in the economy that drives wages. The prevailing wage rate will be paid. There is a process to determine that rate. It works well. Some people may not like it. Prevailing wage is meant to protect local workers, the economy and contractors.

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CHAIR PARKS:
We will close the hearing on A.B. 190. Having no further business to come before the Senate Committee on Government Affairs, we are adjourned at 2:46 p.m.

RESPECTFULLY SUBMITTED:

Suzanne Efford,
Committee Secretary

APPROVED BY:

Senator David R. Parks, Chair

DATE:

EXHIBIT SUMMARY				
Bill	**Exhibit / # of pages**		**Witness / Entity**	**Description**
	A	1		Agenda
	B	7		Attendance Roster
A.B. 136	C	13	Unified Construction Industry Council	The Impact of Nevada's Ninety-percent Prevailing Wage Policy on School Construction Costs, Bid Competition, and Apprenticeship Training
A.B. 136	D	3	Warren Hardy	Issue Brief Public Works
A.B. 136	E	1	Nevada Policy Research Institute	Prevailing Wage Analysis
A.B. 136	F	2	David Honchariw / Nevada Policy Research Institute	Testimony in Opposition
A.B. 136	G	3	Mandi L. Wilkins / Mechanical Contractors Association of Las Vegas, Sheet Metal and Air Conditioning Contractors' National Association of Southern Nevada	Testimony in Support
A.B. 136	H	1	Kimberly Regan / Sierra Nevada Academy Charter School	Testimony in Opposition