



Senate Fiscal Agency  
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Senate Bill 6 (as reported without amendment)  
Sponsor: Senator Veronica Klinefelt  
Committee: Labor

### **CONTENT**

The bill would enact a new law to do the following:

- Require prevailing wages and fringe benefits on State projects.
- Prescribe the process by which the Department of Labor and Economic Opportunity would have to establish prevailing wages and fringe benefits.
- Prescribe a penalty for a violation of the bill's provisions.

### **BRIEF RATIONALE**

Prior to 2018, Public Act (PA) 166 of 1965 required State construction projects to pay workers' wages and benefits that were not less than the wages and benefits prevailing in the locality where the work was performed. The Michigan Legislature adopted an initiative petition in 2018 that repealed PA 166 of 1965. Some people believe that prevailing wage laws improve construction standards by requiring contractors to employ skilled labor on projects and so it has been recommended that the prevailing wage laws be reenacted.

### **PREVIOUS LEGISLATION**

*(Please note: The information in this summary provides a cursory overview of previous legislation and its progress. It does not provide a comprehensive account of all previous legislative efforts on the relevant subject matter.)*

The bill would reenact a prevailing wage law that was repealed by an initiative petition adopted by the Michigan Legislature in 2018.

Legislative Analyst: Tyler P. VanHuyse

### **FISCAL IMPACT**

The bill would eliminate the misdemeanor penalty for violation of certain provisions in the Act. A violation of a misdemeanor when no penalty is specifically provided carries a sentence of up to 90 days' imprisonment, a maximum fine of \$500, or both. The misdemeanor that the bill would eliminate does not specify a penalty; thus, the State could save on the cost of imprisonment but could lose revenue from fines. Fine revenue goes to fund local libraries.

Prison sentences of a year or less generally are served in a local jail. The local jail is reimbursed by the State on a per diem rate that ranges from \$40 to \$65 per day, depending on the custody level required. The elimination of the misdemeanor could result in a savings for the State of the aforementioned \$40 to \$65 per day of incarceration, per prisoner.

The loss in revenue for local libraries and potential savings for the State are indeterminate and would depend on the number of violations that would be averted under the bill.

Date Completed: 3-14-23

Fiscal Analyst: Joe Carrasco, Jr.