

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **SB 646** SLS 14RS 1556

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> April 24, 2014	10:35 AM	<b>Author:</b> PETERSON
<b>Dept./Agy.:</b> Statewide		<b>Analyst:</b> Patrice Thomas
<b>Subject:</b> Prevailing Wages in Public Contracts		

EMPLOYMENT

OR INCREASE See Note

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Requires public contractors to pay certain minimum wages to employees. (8/1/14)

Proposed law provides that public contracts under the Public Bid Law (Title 38) and the Procurement Code (Title 39) must require the contractor pay any employee a minimum wage as follows: (1) beginning January 1, 2015, the amount of \$8.25 per hour; (2) beginning January 1, 2016, the amount of \$9.25 per hour; and (3) beginning January 1, 2017, the amount of \$10.25 per hour. Proposed law provides that every contract, invitation to bid, or request for proposal shall include a statement advising that by signing the contract, the contractor agrees to pay the prevailing minimum wage. Proposed law provides that the proposed law shall not apply to a parish, municipality, and any other unit of local government, including a school board and a special district, authorized by law to perform local governmental functions. Proposed law if effective August 1, 2014.

<b>EXPENDITURES</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Federal Funds	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
<b>Annual Total</b>						

<b>REVENUES</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

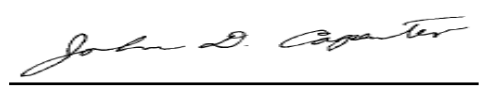
**EXPENDITURE EXPLANATION**

The proposed legislation will result in an indeterminable increase in statewide contracting expenditures. The exact increase cannot readily be determined because the number of employees of public contractors who are presently paid below the proposed minimum wage in this measure are unknown. However, for **illustrative purposes**, to the extent a minimum wage employee works 2,080 hours per year (40 hours/week), every \$1 increase in the hourly rate would result an additional \$2,080 of additional potential contracting expenditures per individual. This bill requires public contractors to pay their employees the following minimum wages: (1) beginning January 1, 2015, the amount of \$8.25 per hour; (2) beginning January 1, 2015, the amount of \$9.25 per hour; and (3) beginning January 1, 2017, the amount of \$10.25 per hour. Thus, by FY 17 minimum wage employees working for a state contractor would be making \$6,240 more per year than currently.

**REVENUE EXPLANATION**

There is no anticipated direct material effect on governmental revenues as a result of this measure.

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|--|----------------------------|-------|--|
| Senate   | <u>Dual Referral Rules</u> | House | <input checked="" type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}         |
| <input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} |                            |       | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 State Rev. Reduc. {H & S}                  |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}      |                            |       | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |

  
**John D. Carpenter**  
**Legislative Fiscal Officer**