



Senate Fiscal Agency
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Senate Bill 1186 (as reported without amendment)
Sponsor: Senator John Cherry
Committee: Labor

CONTENT

The bill would amend Public Act 10 of 2023, which requires prevailing wages and fringe benefits on State projects, to exempt a State project that was paid for by a bond or bond proposal and that was authorized under the Revised School Code before February 13, 2024, from prevailing wage and fringe benefit requirements.

MCL 408.1109

BRIEF RATIONALE

Public Act 10 of 2023 requires employees working on State projects to be paid prevailing wage and fringe benefits. The Act exempts State projects funded by millages that are authorized under the Revised School Code before February 13, 2024 from prevailing wage and fringe benefit requirements; however, according to testimony, it is typical for schools to take out bonds for their projects and to use millage revenue to pay back a bond, which allows districts to gather all the funding necessary for a large project at one time. Accordingly, it has been suggested that bonds and bond proposals be added to the Act's exemption to better reflect the way school districts use millages as sources of revenue.

Legislative Analyst: Alex Krabill

FISCAL IMPACT

The bill could have a fiscal impact on the State and units of local government. It would remove bond and bond proposals for State projects from the requirement of prevailing wage if those bond or bond proposals were authorized before February 13, 2024. The total bond revenue is unchanged; however, if the State contracts without prevailing wage, it is possible that the overall costs of the project would be lower, which could allow the State to allocate the additional funding to other projects. Local governments that bonded to use for matching State funds for State projects would be affected in the same way.

Date Completed: 12-13-24

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