



Thursday, April 4, 2024

Chair McEwen and Senate Labor Committee Members –

On behalf of the Associated Builders and Contractors MN/ND Chapter, a statewide organization representing 340 merit shop construction industry members and their 20,000+ employees, we appreciate the opportunity to express our strong opposition to SF 5157. Our local contractor members, and the men and women that they employ, are part of the 75% of the construction industry in Minnesota that proudly choose to be merit shop craft professionals. Our members are located throughout Minnesota and build our schools, multi-family housing, retail and commercial spaces, medical facilities, energy and critical infrastructure, and much more.

ABC is fundamentally opposed to the expansion of prevailing wage to include certain projects that receive TIF assistance. TIF plays a crucial role in delivering new housing for cities. TIF funding consists solely of local property taxes and do not include funding from the State. This bill will trigger prevailing wage requirements for any major housing projects receiving TIF assistance, and will result in increased costs to consumers and taxpayers, without any increase in quality or value. It will also have the unintended consequence of increasing the cost of housing, which is already unattainable for many.

There are numerous studies that show that prevailing wage mandates increase costs. For example, research shows that West Virginia's prevailing wage mandate, which was repealed in 2016, inflated the cost of public school construction by at least 7%. Another study of New York's prevailing wage require found that prevailing wage mandates inflate the costs of publicly funded construction projects by between 13% and 25%, depending on where the projects were built. A study of Michigan's prevailing wage mandates found that prevailing wage mandates increased the costs of taxpayer-funded school construction by an average of \$126.7 million per year.

While the studies showing that prevailing wage mandates increase costs are numerous, more important than any study is the actual experience of the local contractors who perform this work. Despite claims made by proponents of prevailing wage mandates, our local, Minnesota contractor members have indeed reported increased costs due to various prevailing wage mandates. We have members who have bid projects both based on prevailing wage and market-based wages. Oftentimes, our contractor members have reported a cost increase of at least 10-15% - with an even higher impact in Greater Minnesota. This is not conjecture, but the actual experience of the folks bidding the projects.

Finally, any insinuation that the absence of prevailing wage leads to "lower labor standards" or "lower quality work" are without merit. Such insinuations are an insult to both local contractors

who do great work in their communities, as well as, the thousands of employees who proudly perform high-quality work day after day, regardless of whether prevailing wage is paid. ABC members have bid projects both with prevailing wage and with market-based wages. Regardless of the project requirements, our members and their highly-skilled craft professionals take pride in their work and get the job done. Rather than enacting policies that increase costs and make it more difficult for high-quality contractors to compete, the State should be encouraging policies that promote fair and open competition in the construction industry and obtain the best value for taxpayers.

We appreciate the opportunity to submit comment, and respectfully oppose SF 5157.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jon Boesche', with a stylized, flowing script.

Jon Boesche  
Director of Government & Public Affairs  
Associated Builders and Contractors MN/ND Chapter