

# **Labor and Public Employees Committee**

## **JOINT FAVORABLE REPORT**

**Bill No.:** SB-1370

AN ACT REQUIRING WORKERS PERFORMING OFF-SITE CUSTOM  
FABRICATION FOR A PUBLIC WORKS PROJECT TO BE PAID PREVAILING

**Title:** WAGE RATES.

**Vote Date:** 3/13/2025

**Vote Action:** Joint Favorable Substitute

**PH Date:** 2/27/2025

**File No.:**

***Disclaimer:** The following JOINT FAVORABLE Report is prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and does not represent the intent of the General Assembly or either chamber thereof for any purpose.*

### **SPONSORS OF BILL:**

Labor & Public Employees Committee

### **REASONS FOR BILL:**

The reason for this bill is to ensure that workers who are performing off-site fabrication in-state on public works projects receive prevailing wage. Prevailing wage is intended to ensure that workers on public works projects are paid reasonably, and in recent years, technological improvements have allowed increased work on these projects to be conducted off the location of construction.

**The substitute language:** removes the “but not limited to” language that allowed the types of systems covered by the bill to include more just than those specified in the bill.

### **RESPONSE FROM ADMINISTRATION/AGENCY:**

**Danté Bartolomeo Commissioner of the Connecticut Department of Labor:** Provided general comments on the bill. She stated that SB 1370 would require that workers performing off-site fabrication for a public works project be paid prevailing wage rates. As SB 1370 states, this would cover the in-state “fabrication of systems that are fabricated at a site other than the location of a public works project, but are fabricated specifically for such public works project, including, but not limited to, plumbing systems, heating systems, cooling systems, pipefitting systems, ventilation systems or exhaust duct systems.” While CTDOL appreciates the proponents of SB 1370 collaborating with our agency to make sure the bill language is clear, the volume of complaints and investigations and the impact on the Wage and Workplace Standards Division, which is already resource constrained, is unclear. Therefore, as session progresses and final language is considered, CTDOL would appreciate

continued dialogue with the committee and SB 1370's proponents on the potential fiscal impact SB 1370 would have on the agency.

## **NATURE AND SOURCES OF SUPPORT:**

**Kristen Abrahamsom, Executive VP of MCAC:** Supports the bill. States bill would ensure that all workers on a public project are paid equally, ensuring fairness, a level playing field and that taxpayer dollars are invested in the highest quality work. States about thirty percent of employees working on public projects perform their work offsite on custom fabrication of plumbing, heating, cooling, pipefitting, ventilation, and exhaust duct systems. States the contractor's bid is based on the prevailing wage rate of pay but once the contract is awarded a contractor can build any portion of the work offsite as custom prefabrication and pay any wage the contractor deems appropriate. Workers covered by a collective bargaining agreement are paid the prevailing wage whether they work onsite or offsite, however, without the protection of a collective bargaining agreement, workers are not guaranteed the prevailing rate. New Jersey, Washington, and Delaware have enacted laws requiring that offsite custom fabrication work be covered by prevailing wage and similar legislation is under consideration in Pennsylvania, Massachusetts, and New York.

**Ed Hawthorne, President, Connecticut AFL-CIO:** Supports the bill. States the prevailing wage ensures that workers on public projects are paid fair wages based on the local area and trade where they work. Stating that when contractors bid for projects their costs are calculated based on prevailing wages rates, but after they win the contract, they can build any portion of the work off-site and pay them what they deem appropriate. States about 30% of work on public projects is custom fabrication done offsite but still in the state, and union workers are paid the prevailing wage regardless, but non-union workers can be paid whatever the contractor deems appropriate. States the bill is about equity, creating a level playing field and makes sure taxpayer dollars remain in the communities where workers live and work.

**Kimberly Glassman, Director Foundation for Fair Contracting:** Supports the bill. States that about 30% of workers on public construction projects are off-site, and that this bill will guarantee the prevailing wage rate due the workers. Stating this is a loophole that contractors exploit by building more off-site and paying those workers what they deem appropriate, making a disproportionate rate in pay between off-site and on-site workers. Stating union workers are paid the prevailing wage whether they work on or off-site, but nonunion workers are paid significantly less, this bill would rectify that, which many states already do. States their organization supports and promotes strong prevailing wage standards which create predictability, a level playing field, and better retention of skilled workers.

**Michael Rosario, Business Manager FST UA Local 777 Plumbers & Pipefitters:** Supports the bill. States they provide highly trained workers committed to safety and works to train the next generation of workers. States that in their industry about 30% of work on public projects is custom fabrication done offsite but still in the state. This practice can be faster, safer, and less expensive. States the bill address the issue in law that currently onsite workers are paid the prevailing wage. Stating they believe taxpayer dollars should be invested in paying all workers a living wage.

**Jay More, Business Agent UA Local 777 Plumbers & Pipefitters:** Supports the bill. States they've been in the mechanical industry for 32 years and has witnessed how technology has transformed the industry, leading to labor-saving methods and custom off-site fabrication reducing man-power needs on-site. Stating this has led to off-site workers not being paid the prevailing wage, which was designed to ensure workers earn a living and sustainable wage, unfortunately off-site work was rare when prevailing wage was enacted and left out. Stating this bill was written to address this wage disparity, ensuring that all workers on a state or municipal funded project are paid equally and fairly. Stating that when workers are paid a fair wage it benefits the entire local economy and ensures a stable workforce.

**Michael Colombo, President of SMART Sheet Metal Workers' Local 38:** Supports the bill. States when contractors bid for projects, they include both the job site and offsite fabrication as part of the same overall bid. The prevailing wage rates are intended to ensure fair compensation for all workers. However, contractors, seeking to maximize their profits, are taking advantage of this system. Workers performing offsite fabrication work may be subject to the same conditions as those on site but are often paid much less than the prevailing wage rate. States if the prevailing wage for a job is \$80 an hour, contractors may pay off-site workers \$20-\$40, pocketing the difference, leaving employees underpaid for their valuable work. This is not just about fairness it impacts the economic health of our communities when workers are paid fairly, they have more disposable income to spend in their local communities. The workers who perform these crucial tasks deserve fair compensation for their work, just as much as those working on-site.

**Thomas M. Picheco, Business Agent with SMART Local 38:** Supports the bill. States they help train the safest workers in the industry. States that in their industry about 30% of work on public projects is custom fabrication done offsite but still in the state. This practice can be faster, safer, and less expensive. States the bill address the issue in law that currently onsite workers are paid the prevailing wage. Stating they believe taxpayer dollars should be invested in paying all workers a living wage.

**John Ferrucci, Owner F-F Mechanical:** Supports the bill. States they are a family-owned mechanical contractor. States that in their industry about 30% of work on public projects is custom fabrication done offsite but still in the state. This practice can be faster, safer, and less expensive. States the bill address the issue in law that currently onsite workers are paid the prevailing wage, but off-site workers are not, but are if they go onsite to install the work.

**Kate Turner, President Turner Mechanical Services Inc.:** Supports the bill. States they are a family-owned mechanical contractor. States that in their industry about 30% of work on public projects is custom fabrication done offsite but still in the state. This practice can be faster, and less expensive. States the bill address the issue in law that currently onsite workers are paid the prevailing wage, but off-site workers are not, stating they believe taxpayer dollars should pay workers a living wage. Stating that once a contractor is awarded a bid can decide the pay of off-site workers which is unfair to workers.

**Alan Seidman, Executive Director of SMACNA Southeastern NY:** Supports the bill. States that in their industry about 30% of work on public projects is custom fabrication done offsite but still in the state. This practice can be faster, safer, and less expensive. States in a study the conducted, found many changes in the off-site industry including labor shortages increasing costs and scheduling pressures, and owners who plan for off-site projects often

see better results. States the bill address the issue in law that currently onsite workers are paid the prevailing wage, but off-site workers are not, but that SMACNA contractors always pay prevailing wage because they believe taxpayer dollars must be used to invest fully in all workers.

**Michael Thompson, Executive Director of SMACNA CT:** Supports the bill. States that the bill would ensure all workers on a public works project are paid equally ensuring fairness a level playing field and that taxpayer dollars are invested in the highest quality or work supporting communities in CT. States that about 30% of workers on public construction projects are off-site, and once a contractor is awarded a contractor can build any portion of the work off-site and pay the wage they deem appropriate .stating union workers are paid the prevailing wage whether they work on or off-site, but nonunion workers are not guaranteed the prevailing rate. Stating many states already have a law like this and they urge the passage of bill.

**Chris Dodge, Apprentice-UA Local 777:** Supports the bill. States they were formerly employed Kovacs Construction Corp that was hired for public works but that their company did not pay the prevailing wage for work done off-site, paying 50% less when work was done in the shop. Stating that the company paid a plumber to inspect the work, but would not pay the workers a plumber rate for the work, and that it is sad to see a company taking advantage of their employees and hurt their financial income.

#### **NATURE AND SOURCES OF OPPOSITION:**

**Lynn Houle:** Opposes the bill. States it is nearly impossible to turn a profit with the rising costs of labor and materials, and that this bill would likely put many shops out business. Stating that employees are not complaining about wages, and that working off site is probably easier more comfortable and closer to home, stating workers might not work in a shop if they aren't offered the prevailing wage and benefits, damaging competition.

**Michael Houle, President Columbia Sheet Metal:** Opposes the bill. States there is no way to stay in businesses if offsite manufacturing is paid prevailing wage, it would burden the contractors and the state now having to enforce payroll.

**Brian Kronenberger, Manager Kronenberger & Sons:** Opposes the bill. States that bill is bad for CT based small businesses leading to work being outsourced to other states, will drive buissniesses away from CT. Additional mandates to local businesses will lead to fewer of them and hurt CT workers.

**Zachary McKeown, Advocacy Manager for CCM:** Opposes the bill. States they oppose expanding prevailing wage without conservation regarding current thresholds and when the financial impact is unclear, stating this should be part of the larger discussion of raising thresholds for state and municipal projects.

**Marc Pare, CEO All State Construction Inc:** Opposes the bill. States they are an off-site fabrication facility in CT that would be forced to move out of state to be competitive on public projects, and the cost of projects would be increased if this bill passed.

**Lawrence Stewart, Project Manager Kronenberger & Sons:** Opposes the bill. States several reasons of opposition, 1; requiring prevailing wage rates will force manufacturing to neighboring states, 2; bill will add a significant burden to overtaxes business and local economies.

**Chrissy E, Operations Manager:** Opposes the bill. Stating it is government overreach and proof that unions control the state and do not care for taxpayers, and the bill would significantly increase the cost of projects making them more expensive for taxpayers.

**Paul Amarone, Public policy Associate & Advocacy Manager CBIA:** Opposes the bill. States the bill would negatively impact construction companies in CT, and other small businesses that benefit from the demand of off-site fabrication needs. States the cost of construction has risen and passing this bill will raise them even more, making it more expensive for the state, municipalities, and taxpayers. This will force companies to leave the state or outsource work, this bill will only make it more burdensome for businesses to do state projects.

**Alexander A. Babbidge, President Babbidge Construction Company:** Opposes the bill. States that construction costs have already risen substantially over the past few years and this bill will only increase those costs and harm the taxpayer. Stating Off-site fabrication has greatly increased efficacy over the past decade reducing timelines and cost, this bill would reverse that, and that requiring worker in other states or countries to be paid CT prevailing wages is unfair.

**Eldorado Massingue, Project Manager:** Opposes the bill. States bill will increase overall project costs, negatively affect small businesses trying to comply with new wage requirements. Stating that prevailing wage requirements will make it harder for companies to expand and will mean fewer opportunities to CT workers. The bill could put companies at a competitive disadvantage, and that raising wages doesn't always correlate with improved quality or efficiency.

**Brian Zadrozny, Owner BFZ Electric:** Opposes the bill. States they own an off-site prefabrication company that helps general contractors increase efficiency, safety, reduce congestion on site, and deliver a better product, and this bill would threaten that with an unintended incentive for general contractors to outsource to out-of-state vendors driving jobs out of the state. States his company is committed to raining the next generation of electricians and this bill would limit opportunities for CT workers.

**Christopher Fryxell, President Associated Builders and Contractors of Connecticut:** Opposes the bill. States it violates the Commerce Clause of the Constitution, and that the CTDOL can not enforce this law outside of state lines. Stating bill will remove incentives to utilize off-site shops that employ thousands of workers and make projects more efficient and safer, forcing them to close or move out of state. Stating the bill will be bad for the taxpayer by increasing costs and timelines, forcing the of raising taxes to pay for it. Stating it will also further burden the DOL by increasing costs for compliance and enforcement.

**Sara Mendillo, Middlesex County Chamber of Commerce:** Opposes the bill. States bill would add additional mandates and significantly increase operational costs for CT businesses. This bill would make it even more difficult to compete with out-of-state businesses who do not face the same burdens., potentially having to close or relocate their

businesses. States the bill will also raise the cost of projects in the state which will be passed onto the taxpayer, leading to fewer job opportunities and decreased investment.

**Reported by: Ian Graves**

**Date: 3/25/2025**