



**GENERAL
TEAMSTERS
LOCAL 959
STATE OF ALASKA**

Affiliated with the International Brotherhood of Teamsters
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March 15, 2016

Honorable Kurt Olson
House Labor & Commerce Committee
124 Seward Street
Juneau, Alaska 99801

Re HB 313 – Public Construction Contracts

Dear Representative Olson:

On behalf of the Teamster construction workers that we represent within Alaska, we want to go on record opposed to HB 313. This bill proposes to further decrease a construction worker wage by increasing the floor which protects the prevailed wages rates for construction projects \$75,000 or less. As some on the Committee may recall, in 2011 we worked with the Alaska Municipal League to reach an agreement, which increased the floor from \$2000 to \$25,000.

The proposed legislation removes what has been a level playing field for contractors and a mutually agreeable floor. Currently, a contractor is required to pay prevailing wage for any project valued at \$25,000 or more. For many contractors, in order to keep their skilled worker force they willingly pay the prevailing wage rate. To increase the floor puts many contractors at a huge disadvantage when bidding projects.

Even if inflation were calculated into the floor it would still not justify an increase to \$75,000.

Additionally, this bill would have a negative impact on the State revenue as well. In 2015, there were two hundred and seventy-six (276) projects valued at \$75,000 or less. The overall contract value of the projects were over \$12 million. Under State law a certified payroll fee is paid by the contractors for those projects valued at \$25,000 or more. Using the 2015 numbers the state would lose approximately \$130,000 in revenue on the certified payroll. While that may not seem like a lot of money to some with the huge fiscal problem the state is currently challenged with any additional loss of revenue is important.

In summary, we oppose HB 313 and ask that you not support.

Your time and consideration of this matter is greatly appreciated.

Sincerely,

TEAMSTERS LOCAL 959

Rick Boyles
Secretary-Treasurer

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