

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: April 27, 2011
POSITION: Neutral
SPONSOR: State Building and Construction Trades Council of California, California Teamsters Public Affairs Council

BILL NUMBER: AB 514
AUTHOR: R. Hernandez

BILL SUMMARY: Public Works: Hauling Refuse

This bill would expand the definition of "hauling of refuse" to include the hauling of materials that are neither bona fide commodities nor sold for market value. It would thereby expand the application of prevailing wage laws to more employees.

FISCAL SUMMARY

The Department of Industrial Relations indicates that any costs resulting from this bill would be minor and absorbable. To the extent that the state or other public entities have entered into contracts with contractors that currently do not pay prevailing wage for refuse hauling, the costs for those services could increase.

Any local government costs resulting from the mandate in this measure would not be state-reimbursable, because the mandate only involves the definition of a crime or the penalty for conviction of a crime.

COMMENTS

The Department of Finance is neutral on this bill because it clarifies the original intent of the prevailing wage statutes and would not result in significant additional costs to the state.

Under existing law, for the purposes of public works contracts, the hauling of refuse from a public works site to an outside disposal location is included in the definition of "public works." Existing law also provides that workers employed on public works must be paid not less than the general prevailing wage for that work, as determined by the director of the Department of Public Works. The prevailing wage is based on the hourly wage paid on public works projects to a majority of workers employed in a particular craft, classification, or type of work in that locality, and in the nearest labor market area.

Under current law, prevailing wage requirements apply to the hauling of refuse only and do not apply to the hauling of valuable materials. The apparent intent of this bill is to prevent employers from denying the prevailing wage by charging a nominal amount, such as \$1 for a truckload of material, for materials removed from public works sites. This bill would effectively define as refuse all materials that are neither commodities nor sold for market value.

The violation of prevailing wage requirements is a crime, and this bill would therefore expand the definition of the crime because it expands the definition of "hauling of refuse."

Analyst/Principal (0241) J. Sturges Date Program Budget Manager Lisa Ann L. Mangat Date

Department Deputy Director Date

Governor's Office: By: Date: Position Approved Position Disapproved

BILL ANALYSIS Form DF-43 (Rev 03/95 Buff)

BILL ANALYSIS/ENROLLED BILL REPORT--(CONTINUED)

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Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							Fund Code
	LA	(Dollars in Thousands)							
	CO	PROP							
	RV	98	FC	2011-2012	FC	2012-2013	FC	2013-2014	
7350/DIR	SO	No		-----	No/Minor	Fiscal Impact	-----		3152
<u>Fund Code</u>	<u>Title</u>								
3152	Labor Enforcement and Compliance Fund								