

99TH GENERAL ASSEMBLY State of Illinois 2015 and 2016 SB2964

Introduced 2/18/2016, by Sen. Don Harmon

SYNOPSIS AS INTRODUCED:

820 ILCS 130/2	from Ch. 48, par. 39s-2
820 ILCS 130/4	from Ch. 48, par. 39s-4
820 ILCS 130/7	from Ch. 48, par. 39s-7
820 ILCS 130/9	from Ch. 48, par. 39s-9
820 ILCS 130/10	from Ch. 48, par. 39s-10
820 ILCS 130/8 rep.	

Amends the Prevailing Wage Act. Provides that the prevailing wage shall not be less than the rate that prevails for similar work performed under collective bargaining agreements in the locality provided that the agreements cover at least 30% of the workers. Provides that, if bargaining agreements do not exist in the locality, the Department of Labor shall ascertain the prevailing wage to be paid under the Act. Applies to public works performed without a written contract. Requires that the Department publish prevailing wages schedules on its website.

LRB099 18591 JLS 42973 b

FISCAL NOTE ACT MAY APPLY

1 AN ACT concerning employment.

Be it enacted by the People of the State of Illinois, represented in the General Assembly:

- Section 5. The Prevailing Wage Act is amended by changing Sections 2, 4, 7, 9, and 10 as follows:
- 6 (820 ILCS 130/2) (from Ch. 48, par. 39s-2)
- Sec. 2. This Act applies to the wages of laborers, mechanics and other workers employed in any public works, as hereinafter defined, by any public body and to anyone under contracts for public works. This includes any maintenance, repair, assembly, or disassembly work performed on equipment whether owned, leased, or rented.
- 13 As used in this Act, unless the context indicates
 14 otherwise:
- "Public works" means all fixed works constructed or 15 16 demolished by any public body, or paid for wholly or in part out of public funds. "Public works" as defined herein includes 17 all projects financed in whole or in part with bonds, grants, 18 19 loans, or other funds made available by or through the State or any of its political subdivisions, including but not limited 20 21 to: bonds issued under the Industrial Project Revenue Bond Act 22 (Article 11, Division 74 of the Illinois Municipal Code), the Industrial Building Revenue Bond Act, the Illinois Finance 23

Authority Act, the Illinois Sports Facilities Authority Act, or 1 2 the Build Illinois Bond Act; loans or other funds made available pursuant to the Build Illinois Act; loans or other 3 funds made available pursuant to the Riverfront Development 5 Fund under Section 10-15 of the River Edge Redevelopment Zone Act; or funds from the Fund for Illinois' Future under Section 6 7 6z-47 of the State Finance Act, funds for school construction under Section 5 of the General Obligation Bond Act, funds 8 authorized under Section 3 of the School Construction Bond Act, 9 10 funds for school infrastructure under Section 6z-45 of the 11 State Finance Act, and funds for transportation purposes under 12 Section 4 of the General Obligation Bond Act. "Public works" also includes (i) all projects financed in whole or in part 13 14 with funds from the Department of Commerce and Economic 15 Opportunity under the Illinois Renewable Fuels Development 16 Program Act for which there is no project labor agreement; (ii) 17 all work performed pursuant to a public private agreement under the Public Private Agreements for the Illiana Expressway Act or 18 19 the Public-Private Agreements for the South Suburban Airport 20 Act; and (iii) all projects undertaken under a public-private 21 agreement under the Public-Private Partnerships for 22 Transportation Act. "Public works" also includes all projects 23 at leased facility property used for airport purposes under Section 35 of the Local Government Facility Lease Act. "Public 24 25 works" also includes the construction of a new wind power 26 facility by a business designated as a High Impact Business

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under Section 5.5(a)(3)(E) of the Illinois Enterprise Zone Act. 1 "Public works" does not include work done directly by any 2 public utility company, whether or not done under public 3 supervision or direction, or paid for wholly or in part out of 4 5 public funds. "Public works" also includes any corrective action performed pursuant to Title XVI of the Environmental 6 Protection Act for which payment from the Underground Storage 7 Tank Fund is requested. "Public works" does not include 8 9 projects undertaken by the owner at an owner-occupied 10 single-family residence or at an owner-occupied unit of a 11 multi-family residence. "Public works" does not include work 12 performed for soil and water conservation purposes on 13 lands, whether or agricultural not done under supervision or paid for wholly or in part out of public funds, 14 15 done directly by an owner or person who has legal control of 16 those lands.

"Construction" means all work on public works involving laborers, workers or mechanics. This includes any maintenance, repair, assembly, or disassembly work performed on equipment whether owned, leased, or rented.

"Locality" means the county where the physical work upon public works is performed, except (1) that if there is not available in the county a sufficient number of competent skilled laborers, workers and mechanics to construct the public works efficiently and properly, "locality" includes any other county nearest the one in which the work or construction is to

be performed and from which such persons may be obtained in sufficient numbers to perform the work and (2) that, with respect to contracts for highway work with the Department of Transportation of this State, "locality" may at the discretion of the Secretary of the Department of Transportation be construed to include two or more adjacent counties from which workers may be accessible for work on such construction.

"Public body" means the State or any officer, board or commission of the State or any political subdivision or department thereof, or any institution supported in whole or in part by public funds, and includes every county, city, town, village, township, school district, irrigation, utility, reclamation improvement or other district and every other political subdivision, district or municipality of the state whether such political subdivision, municipality or district operates under a special charter or not.

"Labor organization" means an organization that is the exclusive representative of an employer's employees recognized or certified pursuant to the National Labor Relations Act.

The terms "general prevailing rate of hourly wages", "general prevailing rate of wages" or "prevailing rate of wages" when used in this Act mean the hourly cash wages plus annualized fringe benefits for training and apprenticeship programs approved by the U.S. Department of Labor, Bureau of Apprenticeship and Training, health and welfare, insurance, vacations and pensions paid generally, in the locality in which

- 1 the work is being performed, to employees engaged in work of a
- 2 similar character on public works.
- 3 (Source: P.A. 97-502, eff. 8-23-11; 98-109, eff. 7-25-13;
- 4 98-482, eff. 1-1-14; 98-740, eff. 7-16-14; 98-756, eff.
- $5 \quad 7-16-14.$
- 6 (820 ILCS 130/4) (from Ch. 48, par. 39s-4)
- 7 Sec. 4. Ascertaining prevailing wage.
- 8 (a) The prevailing rate of wages paid to individuals
- 9 covered under this Act shall not be less than the rate that
- 10 prevails for work of a similar character on public works in the
- 11 <u>locality in which the work is performed under collective</u>
- 12 <u>bargaining agreements or understandings between employers or</u>
- 13 employer associations and bona fide labor organizations
- 14 relating to each craft or type of worker or mechanic needed to
- 15 execute the contract or perform such work, and collective
- 16 bargaining agreements or understandings successor thereto,
- 17 provided that said employers or members of said employer
- 18 associations employ at least 30% of the laborers, workers, or
- 19 mechanics in the same trade or occupation in the locality where
- the work is being performed.
- 21 (b) If the prevailing rates of wages and fringe benefits
- cannot reasonably and fairly be applied in any locality because
- 23 no such agreements or understandings exist, the Department of
- 24 Labor shall determine the rates and fringe benefits for the
- 25 same or most similar work in the <u>nearest and most similar</u>

neighboring locality in which such agreements or understandings exist. The Department of Labor shall keep a record of its findings available for inspection by any

interested party in the office of the Department of Labor.

(c) In the event it is determined, after a written objection is filed and hearing is held in accordance with Section 9 of this Act, that less than 30% of the laborers, workers, or mechanics in a particular trade or occupation in the locality where the work is performed receive a collectively bargained rate of wage, then the average wage paid to such laborers, workers, or mechanics in the same trade or occupation in the locality for the 12-month period preceding the Department of Labor's annual determination shall be the prevailing rate of wage.

(d) (a) The public body awarding any contract for public work or otherwise undertaking any public works, shall ascertain the general prevailing rate of hourly wages in the locality in which the work is to be performed, for each craft or type of worker or mechanic needed to execute the contract, and where the public body performs the work without letting a contract therefor, shall ascertain the prevailing rate of wages on a per hour basis in the locality, and such public body shall specify in the resolution or ordinance and in the call for bids for the contract, or where the public body performs the work without letting the contract in a written instrument provided to the contractor, that the general prevailing rate of wages in the

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locality for each craft or type of worker or mechanic needed to execute the contract or perform such work, also the general prevailing rate for legal holiday and overtime work, as ascertained by the public body or by the Department of Labor shall be paid for each craft or type of worker needed to execute the contract or to perform such work, and it shall be mandatory upon the contractor to whom the contract is awarded and upon any subcontractor under him, and where the public body performs the work, upon the public body, to pay not less than the specified rates to all laborers, workers and mechanics employed by them in the execution of the contract or such work. Compliance with this Act is a matter of statewide concern, and a public body may not opt out of any provisions herein. + provided, however, that if the public body desires that the Department of Labor ascertain the prevailing rate of wages, it shall notify the Department of Labor to ascertain the general prevailing rate of hourly wages for work under contract, or for work performed by a public body without letting a contract as required in the locality in which the work is to be performed, for each craft or type of worker or mechanic needed to execute the contract or project or work to be performed. Upon such notification the Department of Labor shall ascertain such general prevailing rate of wages, and certify the prevailing wage to such public body.

 $\underline{\text{(e)}}$ (a-1) The public body or other entity awarding the contract shall cause to be inserted in the project

specifications and the contract a stipulation to the effect that not less than the prevailing rate of wages as found by the public body or Department of Labor or determined by the court on review shall be paid to all laborers, workers and mechanics performing work under the contract.

(f) (a 2) When a public body or other entity covered by this Act has awarded work to a contractor without a public bid, contract or project specification, such public body or other entity shall comply with subsection (e) (a 1) by providing the contractor with written notice on the purchase order related to the work to be done or on a separate document indicating that not less than the prevailing rate of wages ascertained as found by the public body or Department of Labor or determined by the court on review shall be paid to all laborers, workers, and mechanics performing work on the project.

(g) (a 3) Where a complaint is made and the Department of Labor determines that a violation occurred, the Department of Labor shall determine if proper written notice under this Section 4 was given. If proper written notice was not provided to the contractor by the public body or other entity, the Department of Labor shall order the public body or other entity to pay any interest, penalties or fines that would have been owed by the contractor if proper written notice were provided. The failure by a public body or other entity to provide written notice does not relieve the contractor of the duty to comply with the prevailing wage rate, nor of the obligation to pay any

back wages, as determined under this Act. For the purposes of this subsection, back wages shall be limited to the difference between the actual amount paid and the prevailing rate of wages required to be paid for the project. The failure of a public body or other entity to provide written notice under this Section 4 does not diminish the right of a laborer, worker, or mechanic to the prevailing rate of wages as determined under this Act.

(h) (b) It shall also be mandatory upon the contractor to whom the contract is awarded to insert into each subcontract and into the project specifications for each subcontract a written stipulation to the effect that not less than the prevailing rate of wages shall be paid to all laborers, workers, and mechanics performing work under the contract. It shall also be mandatory upon each subcontractor to cause to be inserted into each lower tiered subcontract and into the project specifications for each lower tiered subcontract a stipulation to the effect that not less than the prevailing rate of wages shall be paid to all laborers, workers, and mechanics performing work under the contract. A contractor or subcontractor who fails to comply with this subsection (b) is in violation of this Act.

(i) (b-1) When a contractor has awarded work to a subcontractor without a contract or contract specification, the contractor shall comply with subsection (h) (b) by providing a subcontractor with a written statement indicating

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that not less than the prevailing rate of wages shall be paid to all laborers, workers, and mechanics performing work on the project. A contractor or subcontractor who fails to comply with this subsection (b-1) is in violation of this Act.

(j) (b-2) Where a complaint is made and the Department of Labor determines that a violation has occurred, the Department of Labor shall determine if proper written notice under this Section 4 was given. If proper written notice was not provided to the subcontractor by the contractor, the Department of Labor shall order the contractor to pay any interest, penalties, or fines that would have been owed by the subcontractor if proper written notice were provided. The failure by a contractor to provide written notice to a subcontractor does not relieve the subcontractor of the duty to comply with the prevailing wage rate, nor of the obligation to pay any back wages, as determined under this Act. For the purposes of this subsection, back wages shall be limited to the difference between the actual amount paid and the prevailing rate of wages required for the project. However, if proper written notice was not provided to the contractor by the public body or other entity under this Section 4, the Department of Labor shall order the public body or other entity to pay any interest, penalties, or fines that would have been owed by the subcontractor if proper written notice were provided. The failure by a public body or other entity to provide written notice does not relieve the subcontractor of the duty to comply with the prevailing wage

rate, nor of the obligation to pay any back wages, as determined under this Act. For the purposes of this subsection, back wages shall be limited to the difference between the actual amount paid and the prevailing rate of wages required for the project. The failure to provide written notice by a public body, other entity, or contractor does not diminish the right of a laborer, worker, or mechanic to the prevailing rate of wages as determined under this Act.

(k) (e) A public body or other entity shall also require in all contractor's and subcontractor's bonds that the contractor or subcontractor include such provision as will guarantee the faithful performance of such prevailing wage clause as provided by contract or other written instrument. All bid specifications shall list the specified rates to all laborers, workers and mechanics in the locality for each craft or type of worker or mechanic needed to execute the contract.

(1) (d) If the Department of Labor revises the prevailing rate of hourly wages to be paid by the public body or other entity, the revised rate shall apply to such contract, and the public body or other entity shall be responsible to notify the contractor and each subcontractor, of the revised rate.

The public body or other entity shall discharge its duty to notify of the revised rates by inserting a written stipulation in all contracts or other written instruments that states the prevailing rate of wages are revised by the Department of Labor and are available on the Department's official website. This

shall be deemed to be proper notification of any rate changes under this subsection.

(m) (e) Two or more investigatory hearings under this Section on the issue of establishing a new prevailing wage classification for a particular craft or type of worker shall be consolidated in a single hearing before the Department. Such consolidation shall occur whether each separate investigatory hearing is conducted by a public body or the Department. The party requesting a consolidated investigatory hearing shall have the burden of establishing that there is no existing prevailing wage classification for the particular craft or type of worker in any of the localities under consideration.

(n) (f) It shall be mandatory upon the contractor or construction manager to whom a contract for public works is awarded to post, at a location on the project site of the public works that is easily accessible to the workers engaged on the project, the prevailing wage rates for each craft or type of worker or mechanic needed to execute the contract or project or work to be performed. In lieu of posting on the project site of the public works, a contractor which has a business location where laborers, workers, and mechanics regularly visit may: (1) post in a conspicuous location at that business the current prevailing wage rates for each county in which the contractor is performing work; or (2) provide such laborer, worker, or mechanic engaged on the public works project a written notice indicating the prevailing wage rates

- 1 for the public works project. A failure to post or provide a
- 2 prevailing wage rate as required by this Section is a violation
- 3 of this Act.
- 4 (Source: P.A. 96-437, eff. 1-1-10; 97-964, eff. 1-1-13.)
- 5 (820 ILCS 130/7) (from Ch. 48, par. 39s-7)
- 6 Sec. 7. The finding of the public body awarding the 7 contract or authorizing the work or the Department of Labor ascertaining and declaring the general prevailing rate of 8 9 hourly wages shall be final for all purposes of the contract for public work then being considered, unless reviewed under 10 11 the provisions of this Act. Nothing in this Act, however, shall 12 be construed to prohibit the payment to any laborer, worker or mechanic employed on any public work, as aforesaid, of more 1.3 than the prevailing rate of wages; provided further that 14 15 nothing in this Act shall be construed to limit the hours of

work which may be performed by any person in any particular

period of time.

(Source: P.A. 81-992.)

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- 19 (820 ILCS 130/9) (from Ch. 48, par. 39s-9)
- Sec. 9. To effectuate the purpose and policy of this Act,

 the each public body shall, during the month of June of each

 calendar year, investigate and ascertain the prevailing rate of

 wages as defined in this Act and publicly post or keep

 available for inspection by any interested party in the main

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office of such public body its determination of such prevailing rate of wage and shall promptly file, no later than July 15 of each year, a certified copy thereof in the office of the Illinois Department of Labor. The Department of Labor shall, during the month of June of each calendar year, investigate and ascertain the prevailing rate of wages for each county in the State <u>and shall publish the prevailing wage schedule</u> ascertained on its official website no later than July 15 of each year. If the prevailing rate of wages is based on a collective bargaining agreement, any increases directly ascertainable from such collective bargaining agreement shall also be published on the website. Further, if the prevailing rate of wages is based on a collective bargaining agreement, the explanation of classes on the prevailing wage schedule shall be consistent with the classifications established under the collective bargaining agreement. If a public body does not investigate and ascertain the prevailing rate of wages during the month of June as required by the previous paragraph, then the prevailing rate of wages for that public body shall be the rate as determined by the Department under this paragraph for the county in which such public body is located. Where the Department of Labor ascertains the prevailing

rate of wages, it is the duty of the Department of Labor within 30 days after receiving a notice from the public body authorizing the proposed work, to conduct an investigation to ascertain the prevailing rate of wages as defined in this Act

and such investigation shall be conducted in the locality in which the work is to be performed. The Department of Labor shall send a certified copy of its findings to the public body authorizing the work and keep a record of its findings available for inspection by any interested party in the office of the Department of Labor at Springfield.

The public body except for the Department of Transportation with respect to highway contracts shall within 30 days after filing with the Department of Labor, or the Department of Labor shall within 30 days after filing with such public body, publish in a newspaper of general circulation within the area that the determination is effective, a notice of its determination and shall promptly mail a copy of its determination to any employer, and to any association of employers and to any person or association of employees who have filed their names and addresses, requesting copies of any determination stating the particular rates and the particular class of workers whose wages will be affected by such rates.

At any time within 30 days after the Department of Labor has published on its official web site a prevailing wage schedule, any person affected thereby may object in writing to the determination or such part thereof as they may deem objectionable by filing a written notice with the public body or Department of Labor, whichever has made such determination, stating the specified grounds of the objection. A person filing an objection alleging that the actual percentage of laborers,

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workers, or mechanics that receive a collectively bargained rate of wage is below the required 30% shall have the burden of establishing such and shall support the allegation with competent evidence. During the pendency of any objection and until final determination thereof, the work in question shall proceed under the rate established by the Department. It shall thereafter be the duty of the public body or Department of Labor to set a date for a hearing on the objection after giving written notice to the objectors at least 10 days before the date of the hearing and said notice shall state the time and place of such hearing. Such hearing by the Department of Labor a public body shall be held within 45 days after the objection is filed, and shall not be postponed or reset for a later date except upon the consent, in writing, of all the objectors and the Department of Labor public body. If such hearing is not held by the public body within the time herein specified, the Department of Labor may, upon request of the objectors, conduct the hearing on behalf of the public body.

The public body or Department of Labor may, whichever has made such determination, is authorized in its discretion to hear each written objection filed separately or consolidate for hearing any one or more written objections filed with them. At such hearing, the public body or Department of Labor shall introduce in evidence the investigation it instituted which formed the basis of its determination, and the public body or Department of Labor, or any interested objectors may thereafter

Thereafter, the public body or Department of Labor, must rule upon the written objection and make such final determination as it believes the evidence warrants, and promptly file a certified copy of its final determination with such public body, and serve a copy by personal service, or registered mail, or electronic mail on all parties to the proceedings. The final determination by the Department of Labor or a public body shall be rendered within 30 days after the conclusion of the hearing.

If proceedings to review judicially the final determination of the public body or Department of Labor are not instituted as hereafter provided, such determination shall be final and binding.

The provisions of the Administrative Review Law, and all amendments and modifications thereof, and the rules adopted pursuant thereto, shall apply to and govern all proceedings for the judicial review of final administrative decisions of any public body or the Department of Labor hereunder. The term "administrative decision" is defined as in Section 3-101 of the Code of Civil Procedure.

Appeals from all final orders and judgments entered by the court in review of the final administrative decision of the public body or Department of Labor, may be taken by any party to the action.

Any proceeding in any court affecting a determination of the Department of Labor or public body shall have priority in

- 1 hearing and determination over all other civil proceedings
- pending in said court, except election contests.
- 3 In all reviews or appeals under this Act, it shall be the
- 4 duty of the Attorney General to represent the Department of
- 5 Labor, and defend its determination. The Attorney General shall
- 6 not represent any public body, except the State, in any such
- 7 review or appeal.
- 8 (Source: P.A. 98-173, eff. 1-1-14.)
- 9 (820 ILCS 130/10) (from Ch. 48, par. 39s-10)
- 10 Sec. 10. The presiding officer of the public body, or his
- 11 or her authorized representative and the Director of the
- 12 Department of Labor, or his or her authorized representative
- 13 may interview workers, administer oaths, take or cause to be
- taken the depositions of witnesses, and require by subpoena the
- 15 attendance and testimony of witnesses, and the production of
- 16 all books, records, and other evidence relative to the matter
- 17 under investigation or hearing. Such subpoena shall be signed
- 18 and issued by such presiding officer or his or her authorized
- 19 representative, or the Director or his or her authorized
- 20 representative.
- 21 Upon request by the Director of Labor or his or her
- deputies or agents, records shall be copied and submitted for
- 23 evidence at no cost to the Department of Labor. Every employer
- 24 upon request shall furnish to the Director or his or her
- 25 authorized representative, on demand, a sworn statement of the

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accuracy of the records. Any employer who refuses to furnish a sworn statement of the records is in violation of this Act.

In case of failure of any person to comply with any subpoena lawfully issued under this <u>Section</u> section or on the refusal of any witness to produce evidence or to testify to any matter regarding which he or she may be lawfully interrogated, it is the duty of any circuit court, upon application of such presiding officer or his or her authorized representative, or the Director or his or her authorized representative, to compel obedience by proceedings for contempt, as in the case of disobedience of the requirements of a subpoena issued by such court or a refusal to testify therein. The <u>Such presiding</u> officer and the Director may certify to official acts.

- 14 (Source: P.A. 93-38, eff. 6-1-04.)
- 15 (820 ILCS 130/8 rep.)
- Section 10. The Prevailing Wage Act is amended by repealing Section 8.