



Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 571 (Substitute S-2 as reported)

Sponsor: Senator John Cherry

Committee: Labor

CONTENT

The bill would amend Public Act 10 of 2023, which requires prevailing wages and fringe benefits on State projects, to do the following:

- Expand the scope of State projects to include solar, wind, and energy storage projects with nameplate capacities (generational capacity) of two megawatts or more.
- Require the Department of Labor and Economic Opportunity (LEO) to implement a State project registration system for contractors and subcontractors.
- Require contractors and subcontractors bidding or working on State projects to have a State project registration.
- Prescribe requirements for contractor and subcontractor payroll records.
- Require LEO to create and maintain a certified payroll database.
- Create the Prevailing Wage Fund in the State Treasury.

MCL 408.1101 et al.

Legislative Analyst: Alex Krabill

BRIEF RATIONALE

According to testimony, prevailing wage provisions generally provide construction workers with more competitive wages and increase the quality of the work done on projects. Some people believe that paying contractors and subcontractors prevailing wages on renewable energy projects would improve the quality of these projects as the State expands its renewable energy portfolio. The bill would require prevailing wage for renewable energy projects and ensure that LEO had the authority to enforce the requirement.

FISCAL IMPACT

The bill would increase costs to LEO and have no fiscal impact on local units of government. The bill would require that LEO collect and approve State project registration applications and maintain payroll records for contracting agents. This would include additional staff and information technology costs for one-time and ongoing operations.

The bill would have no significant fiscal impact on the Department of Treasury. Based on the level of estimated revenue likely to be deposited into the Fund, the ongoing costs associated with administering and investing the Fund are less than \$100 and are within current appropriations.

Date Completed: 3-25-24

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