SECOND REGULAR SESSION

SENATE BILL NO. 468

96TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR MUNZLINGER.

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4456S.01I

TERRY L. SPIELER, Secretary.

AN ACT

To repeal sections 34.203, 34.206, 34.209, 34.212, 34.216, 34.217, 290.210, 290.250, 290.260, 290.262, 290.290, and 290.340, RSMo, and to enact in lieu thereof fourteen new sections relating to public construction.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Sections 34.203, 34.206, 34.209, 34.212, 34.216, 34.217, 2 290.210, 290.250, 290.260, 290.262, 290.290, and 290.340, RSMo, are repealed and 3 fourteen new sections enacted in lieu thereof, to be known as sections 34.203, 4 34.206, 34.207, 34.209, 34.212, 34.216, 34.217, 34.218, 290.210, 290.250, 290.260, 5 290.262, 290.290, and 290.340, to read as follows:

34.203. The provisions of sections 34.203 to [34.216] **34.218** shall be 2 known and may be cited as the "Fairness in Public Construction Act".

34.206. The purpose of sections 34.203 to [34.216] **34.218** is to fulfill the state's proprietary objectives in maintaining and promoting the economical, nondiscriminatory, and efficient expenditures of public funds in connection with publicly funded or assisted construction projects. Nothing in sections 34.203 to [34.216] **34.218** shall prohibit employers or other parties covered by the National Labor Relations Act from entering into agreements or engaging in any other activity arguably protected by law, nor shall any aspect of sections 34.203 to [34.216] **34.218** be interpreted in such a way as to interfere with the labor relations of parties covered by the National Labor Relations Act.

34.207. As used in this chapter, the term "public funds" shall 2 mean those funds belonging to the state, any agency of the state, or any 3 instrumentality or political subdivision thereof.

34.209. Except as provided in section 34.216, the state, any agency

2 of the state, or any instrumentality or political subdivision thereof, when 3 engaged in procuring or letting contracts for construction of a project that is 4 funded [by greater than fifty percent of state funds] in any amount with 5 public funds, shall ensure that bid specification, project agreements, and other 6 controlling documents entered into, required, or subject to approval by the state, 7 agency, [or] instrumentality, or political subdivision do not:

8 (1) Require or prohibit bidders, offerors, contractors, or subcontractors to 9 enter into or adhere to agreements with one or more labor organizations on the 10 same or related projects; or

11 (2) Discriminate against bidders, offerors, contractors, or subcontractors 12 for entering or refusing to enter or to remain signatory or otherwise adhere to 13 agreements with one or more labor organizations on the same or related 14 construction projects.

34.212. 1. The state, any agency of the state, or any instrumentality, or political subdivision thereof shall not issue grants or enter into cooperative agreements for construction projects, a condition of which requires that bid specifications, project agreements, or other controlling documents pertaining to the grant or cooperative agreement contain any of the elements specified in section 34.209.

2. The state, any agency of the state, or any instrumentality, or political subdivision thereof shall exercise such authority as may be required to preclude a grant recipient or party to a cooperative agreement from imposing any of the elements specified in section 34.209 in connection with any grant or cooperative agreement awarded or entered into. Nothing in sections 34.203 to [34.216] **34.218** shall prohibit contractors or subcontractors from voluntarily entering into agreements described in section 34.209.

34.216. 1. For purposes of this section, the term "project labor agreement" shall be defined as a [multiemployer, multiunion] pre-hire agreement by or 2between an employer and one or more labor union designed to systemize 3 labor relations at a construction site that is required by the state, any agency 4 of the state, or [a] any instrumentality, or political subdivision [of the state] 56 thereof as a condition of [a] bid specification, bid submission, or contract award for a construction project, thereby insuring that [all] contractors and 7 subcontractors on a project comply with the terms of a union-only 8 agreement. The term "agreement" shall include any arrangement, written 9 10 or otherwise communicated, whether explicit or implicit in nature.

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2. The state, any agency of the state, or any instrumentality, or [a] political subdivision [of the state may] thereof shall not enter into or require a union-only project labor agreement for the procurement of construction services[, except as provided in section 34.209, on a project-by-project basis only if the project is funded fifty percent or less with state funds and only on the condition that:

17 (1) The state or political subdivision must analyze the impact of a18 union-only project labor agreement and consider:

(a) Whether the union-only project labor agreement advances the interestsof the public entity and its citizens;

21 (b) Whether the union-only project labor agreement is appropriate 22 considering the complexity, size, cost impact, and need for efficiency on the 23 project;

24 (c) Whether the union-only project labor agreement impacts the 25 availability of a qualified work force; and

26 (d) Whether the scope of the union-only project labor agreement has a27 business justification for the project as bid;

28 (2) The state or political subdivision shall publish the findings of 29 subdivision (1) of this subsection in a document titled "Intent to Enter Into a 30 Union Project Labor Agreement". The document shall establish a rational basis 31 upon which the state or political subdivision bases its intent to require a 32 union-only project labor agreement for the project;

(3) No fewer than fourteen days but not more than thirty days following
publication of the notice of a public hearing, the state or political subdivision
shall conduct a public hearing on whether to proceed with its intent to require a
union-only project labor agreement;

(4) Within thirty days of the public hearing set forth in subdivision (3) of
this subsection, the state or political subdivision shall publish its determination
on whether or not to require a union-only project labor agreement.

40 3. (1) Any interested party may, within thirty days of the determination 41 of the state or political subdivision as set forth in subdivision (4) of subsection 2 42 of this section, appeal to the labor and industrial relations commission for a 43 determination as to whether the state or political subdivision complied with 44 subsection 2 of this section for a union-only project labor agreement as defined 45 in subsection 1 of this section.

(2) The labor and industrial relations commission shall consider the

47 appeal in subdivision (1) of this section under a rational basis standard of review.

(3) The labor and industrial relations commission shall hold a hearing on
the appeal within sixty days of the filing of the appeal. The commission shall
issue its decision within ninety days of the filing date of the appeal.

51 (4) Any aggrieved party from the labor and industrial relations 52 commission decision set forth in subdivision (3) of this subsection may file an 53 appeal with the circuit court of Cole County within thirty days of the 54 commission's decision].

34.217. [Notwithstanding the provisions of section 1.140, the provisions of sections 290.095 and 290.250 and sections 34.203 to 34.216 shall not be 2 severable. In the event a court of competent jurisdiction rules that any part of 3 this act is unenforceable, the entire act shall be rendered null and void.] Any 4 person submitting a bid, or who would have submitted a bid except for 5violations of this chapter, shall have standing to seek equitable relief 6 and monetary damages in a court of competent jurisdiction for 7 monetary losses resulting from violations of this chapter, including but 8 9 not limited to, setting aside award of a contract, ordering a contract to be rebid, requiring award of a contract to a different bidder than 10 originally awarded, awarding monetary damages deemed appropriate 11 by the court, including award of reasonable attorney's fees, or 12awarding a combination of such forms or relief. 13

34.218. Notwithstanding the provisions of section 1.140, the 2 provisions of sections 34.203 to 34.217 shall not be severable. In the 3 event a court of competent jurisdiction rules that any part of this act 4 is unenforceable, the entire act shall be rendered null and void.

290.210. As used in sections 290.210 to 290.340, unless the context indicates 2 otherwise:

3 (1) "Construction" includes new construction, [reconstruction, improvement,]
4 enlargement, or major alteration[, painting and decorating, or major repair].

5 (2) "Department" means the department of labor and industrial relations. 6 (3) "Locality" means the county where the physical work upon public 7 works is performed[, except that if there is not available in the county a sufficient 8 number of competent skilled workmen to construct the public works efficiently 9 and properly, "locality" may include two or more counties adjacent to the one in 10 which the work or construction is to be performed and from which such workers 11 may be obtained in sufficient numbers to perform the work, and that, with respect

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to contracts with the state highways and transportation commission, "locality"
may be construed to include two or more adjacent counties from which workmen
may be accessible for work on such construction].

(4) "Maintenance work" means the repair, but not the replacement, of
existing facilities when the size, type or extent of the existing facilities is not
thereby changed or increased.

18 (5) "Prevailing hourly rate of wages" means the mean rate of wages paid 19 generally, in the locality in which the public works is being performed, to 20workmen engaged in work of a similar character including the basic hourly rate of pay and the amount of the rate of contributions [irrevocably made by a 2122contractor or subcontractor to a trustee or] to a [third person pursuant to a] fund, plan or program, and the amount of the rate of costs to the contractor or 23subcontractor which may be reasonably anticipated in providing benefits to 2425workmen and mechanics pursuant to an enforceable commitment to carry out a 26financially responsible plan or program which was communicated in writing to the workmen affected, for medical or hospital care, pensions on retirement or 27death, compensation for injuries or illness resulting from occupational activity, 28or insurance to provide any of the foregoing, for unemployment benefits, life 29insurance, disability and sickness insurance, accident insurance, for vacation and 30 31holiday pay, for defraying costs of apprenticeship or other similar programs, or 32for other bona fide fringe benefits, but only where the contractor or subcontractor 33 is not required by other federal or state law to provide any of the benefits; 34provided, that the obligation of a contractor or subcontractor to make payment in 35accordance with the prevailing wage determinations of the department, insofar as sections 290.210 to 290.340 are concerned, may be discharged by the making 36 of payments in cash, [by the making of irrevocable] contributions to [trustees or 37third persons as provided herein, by the assumption of an enforceable 38 39 commitment to bear the costs of a plan or program as provided herein, or any combination thereof, where the aggregate of such payments, contributions and 40 costs is not less than the rate of pay plus the other amounts as provided herein. 41 If the department is unable to determine the prevailing hourly rate of 42wages in a particular locality by means of wage surveys for workmen 4344engaged in work of a similar character, the prevailing hourly rate of 45wages for that locality shall be deemed:

46 (a) The median hourly wage estimate for the construction and
47 extraction occupational code most closely resembling the occupational

48 title as published in the latest United States Bureau of Labor Statistics 49 published on or before December thirty-first of the year of the survey 50 for that respective locality by Metropolitan and Non-Metropolitan Area 51 Occupational Employment Wage Estimate; or

(b) If no such rate can be determined under paragraph (a) of this subdivision, the median hourly wage estimate for occupational code 47-0000 in the construction and extraction occupational code, published in the latest United States Bureau of Labor Statistics publication on or before December thirty-first of the year of the survey shall be the prevailing wage for such occupational title;

(6) "Public body" means the state of Missouri or any officer, official,
authority, board or commission of the state, or other political subdivision thereof,
or any institution supported in whole or in part by public funds.

61 (7) "Public works" means all fixed works constructed for public use or 62 benefit or paid for wholly or in part out of public funds. It also includes any work 63 done directly by any public utility company when performed by it pursuant to the 64 order of the public service commission or other public authority whether or not 65 it be done under public supervision or direction or paid for wholly or in part out 66 of public funds when let to contract by said utility. It does not include any work 67 done for or by any drainage or levee district.

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(8) "Workmen" means laborers, workmen and mechanics.

290.250. 1. Every public body authorized to contract for or construct $\mathbf{2}$ public works before advertising for bids or undertaking such construction shall request the department to determine the prevailing rates of wages for workmen 3 for the class or type of work called for by the public works, in the locality where 4 $\mathbf{5}$ the work is to be performed. The department shall determine the prevailing hourly rate of wages in the locality in which the work is to be performed for each 6 type of workman required to execute the contemplated contract and such 7determination or schedule of the prevailing hourly rate of wages shall be attached 8 to and made a part of the specifications for the work. The public body shall then 9 specify in the resolution or ordinance and in the call for bids for the contract what 10 is the prevailing hourly rate of wages in the locality for each type of workman 11 needed to execute the contract and also the general prevailing rate for legal 12holiday and overtime work. It shall be mandatory upon the contractor to whom 13the contract is awarded and upon any subcontractor under him to pay not less 1415than the specified rates to all workmen employed by them in the execution of the

contract. The public body awarding the contract shall cause to be inserted in the 1617contract a stipulation to the effect that not less than the prevailing hourly rate of wages shall be paid to all workmen performing work under the contract. The 18 19employer shall forfeit as a penalty to the state, county, city and county, city, town, district or other political subdivision on whose behalf the contract is made 2021or awarded one hundred dollars for each workman employed, for each calendar 22day, or portion thereof, such workman is paid less than the said stipulated rates 23for any work done under said contract, by him or by any subcontractor under him, 24and the said public body awarding the contract shall cause to be inserted in the contract a stipulation to this effect. It shall be the duty of such public body 25awarding the contract, and its agents and officers, to take cognizance of all 26complaints of all violations of the provisions of sections 290.210 to 290.340 27committed in the course of the execution of the contract, and, when making 2829payments to the contractor becoming due under said contract, to withhold and retain therefrom all sums and amounts due and owing as a result of any violation 30 of sections 290.210 to 290.340. It shall be lawful for any contractor to withhold 31from any subcontractor under him sufficient sums to cover any penalties withheld 32from him by the awarding body on account of said subcontractor's failure to 33 comply with the terms of sections 290.210 to 290.340, and if payment has already 3435been made to him, the contractor may recover from him the amount of the penalty 36 in a suit at law.

372. In determining whether a violation of sections 290.210 to 290.340 has 38 occurred, [and whether the penalty under subsection 1 of this section shall be imposed,] it shall be the duty of the department to investigate any claim of 39violation. Upon completing such investigation, the department shall notify the 40employer of its findings. If the department concludes that a violation of sections 41290.210 to 290.340 has occurred and a penalty may be due, the department shall 42notify the employer of such finding by providing a notice of [penalty] violation 43to the employer. [Such penalty shall not be due until forty-five days after the 44date of the notice of the penalty.] 45

3. The employer shall have the right to dispute such notice of [penalty] violation in writing to the department within forty-five days of the date of the notice. Upon receipt of this written notice of dispute, the department shall notify the employer of the right to resolve such dispute through arbitration. The state and the employer shall submit to an arbitration process to be established by the department by rule, and in conformance with the guidelines and rules of the

American Arbitration Association or other arbitration process mutually agreed 5253upon by the employer and the state. If at any time prior to the department 54pursuing an enforcement action [to enforce the monetary penalty provisions of 55subsection 1 of this section] against the employer, the employer pays the back wages as determined by either the department or the arbitrator, the department 5657shall be precluded from initiating any enforcement action to impose the monetary penalty provisions of subsection 1 of this section and no other administrative, 5859civil, or criminal action shall be taken against the contractor, subcontractor, employee, agent, owner, or principal of the 60 61employer. Any dispute resolved pursuant to this subsection prior to the 62department initiating an enforcement action shall not be considered a 63 violation for the purposes of section 290.330.

64 4. If the employer fails to pay all wages due as determined by the arbitrator within forty-five days following the conclusion of the arbitration 6566 process, or if the employer fails to exercise the right to seek arbitration, the department may then pursue an enforcement action to enforce the monetary 67 68 penalty provisions of subsection 1 of this section against the employer. If the 69 court orders payment of the penalties as prescribed in subsection 1 of this section, 70the department shall be entitled to recover its actual cost of enforcement from such penalty amount. 71

5. Nothing in this section shall be interpreted as precluding an action for
enforcement filed by an aggrieved employee as otherwise provided in law.

290.260. 1. The department, as it deems necessary, shall from time to $\mathbf{2}$ time investigate and determine the prevailing hourly rate of wages in the 3 localities. A determination applicable to every locality to be contained in a general wage order shall be made annually on or before July first of each year for 4 the Missouri state highways and transportation commission and shall remain in $\mathbf{5}$ effect until superseded by a new general wage order. [In determining] To 6 determine the prevailing rates of wages, the department shall ascertain [and 7 consider the applicable wage rates established by collective bargaining 8 agreements, if any, and] the mean of the rates that are paid generally within 9 10 the locality.

A certified copy of the determination so made shall be filed immediately
 with the secretary of state and with the department in Jefferson City. Copies
 shall be supplied by the department to all persons requesting them within ten
 days after the filing.

15 3. At any time within thirty days after the certified copies of the 16 determinations have been filed with the secretary of state and the department, 17 any person who is affected thereby may object in writing to the determination or 18 the part thereof that he deems objectionable by filing a written notice with the 19 department, stating the specific grounds of the objection.

4. Within thirty days of the receipt of the objection, the department shall set a date for a hearing on the objection. The date for the hearing shall be within sixty days of the receipt of the objection. Written notice of the time and place of the hearing shall be given to the objectors at least ten days prior to the date set for the hearing.

5. The department at its discretion may hear each written objection separately or consolidate for hearing any two or more written objections. At the hearing the department shall first introduce in evidence the investigation it instituted and the other facts which were considered at the time of the original determination which formed the basis for its determination. The department, or the objector, or any interested party, thereafter may introduce any evidence that is material to the issues.

6. Within twenty days of the conclusion of the hearing, the department must rule on the written objection and make the final determination that it believes the evidence warrants. Immediately, the department shall file a certified copy of its final determination with the secretary of state and with the department and shall serve a copy of the final determination on all parties to the proceedings by personal service or by registered mail.

7. This final decision of the department of the prevailing wages in the locality is subject to review in accordance with the provisions of chapter 536. Any person affected, whether or not the person participated in the proceedings resulting in the final determination, may have the decision of the department reviewed. The filing of the final determination with the secretary of state shall be considered a service of the final determination on persons not participating in the administrative proceedings resulting in the final determination.

8. At any time before trial any person affected by the final determination
of the department may intervene in the proceedings to review under chapter 536
and be made a party to the proceedings.

9. All proceedings in any court affecting a determination of the
department under the provisions of sections 290.210 to 290.340 shall have
priority in hearing and determination over all other civil proceedings pending in

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51 the court, except election contests.

290.262. 1. Except as otherwise provided in section 290.260, the department shall annually investigate and determine the prevailing hourly rate $\mathbf{2}$ 3 of wages in each locality for each separate occupational title. A final determination applicable to every locality to be contained in an annual wage 4 5order shall be made annually on or before July first of each year and shall remain in effect until superseded by a new annual wage order or as otherwise provided 6 7 in this section. [In determining] To determine the prevailing rates of wages, 8 the department shall ascertain [and consider the applicable wage rates established by collective bargaining agreements, if any, and] the mean of the 9 rates that are paid generally within the locality, and shall, by March tenth of 1011 each year, make an initial determination for each occupational title within the 12locality.

2. A certified copy of the initial determinations so made shall be filed
 immediately with the secretary of state and with the department in Jefferson
 City. Copies shall be supplied by the department to all persons requesting them
 within ten days after the filing.

17 3. At any time within thirty days after the certified copies of the 18 determinations have been filed with the secretary of state and the department, 19 any person who is affected thereby may object in writing to a determination or a 20 part thereof that he deems objectionable by filing a written notice with the 21 department, stating the specific grounds of the objection. If no objection is filed, 22 the determination is final after thirty days.

4. After the receipt of the objection, the department shall set a date for a hearing on the objection. The date for the hearing shall be within sixty days of the receipt of the objection. Written notice of the time and place of the hearing shall be given to the objectors at least ten days prior to the date set for the hearing.

5. The department at its discretion may hear each written objection separately or consolidate for hearing any two or more written objections. At the hearing the department shall first introduce in evidence the investigation it instituted and the other facts which were considered at the time of the original determination which formed the basis for its determination. The department, or the objector, or any interested party, thereafter may introduce any evidence that is material to the issues.

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6. Within twenty days of the conclusion of the hearing, the department

36 shall rule on the written objection and make the final determination that it 37 believes the evidence warrants. Immediately, the department shall file a certified 38 copy of its final determination with the secretary of state and with the 39 department and shall serve a copy of the final determination on all parties to the 40 proceedings by personal service or by registered mail.

417. This final decision of the department of the prevailing wages in the 42locality for each occupational title is subject to review in accordance with the 43provisions of chapter 536. Any person affected, whether or not the person 44participated in the proceedings resulting in the final determination, may have the decision of the department reviewed. The filing of the final determination with 45the secretary of state shall be considered a service of the final determination on 46persons not participating in the administrative proceedings resulting in the final 47determination. 48

8. At any time before trial any person affected by the final determination
of the department may intervene in the proceedings to review under chapter 536
and be made a party to the proceedings.

529. [Any annual wage order made for a particular occupational title in a locality may be altered once each year, as provided in this subsection. The 53prevailing wage for each such occupational title may be adjusted on the 5455anniversary date of any collective bargaining agreement which covers all persons 56in that particular occupational title in the locality in accordance with any annual incremental wage increases set in the collective bargaining agreement. If the 5758prevailing wage for an occupational title is adjusted pursuant to this subsection, the employee's representative or employer in regard to such collective bargaining 59agreement shall notify the department of this adjustment, including the effective 60 date of the adjustment. The adjusted prevailing wage shall be in effect until the 6162next final annual wage order is issued pursuant to this section.] The wage rates for any particular job, contracted and commenced within sixty days of the 63 contract date, which were set as a result of the annual [or revised] wage order, 64 shall remain in effect for the duration of that particular job. 65

10. In addition to all other reporting requirements of sections 290.210 to 290.340, each public body which is awarding a contract for a public works project shall, prior to beginning of any work on such public works project, notify the department, on a form prescribed by the department, of the scope of the work to be done, the various types of craftsmen who will be needed on the project, and the date work will commence on the project.

290.290. 1. The contractor and each subcontractor engaged in any $\mathbf{2}$ construction of public works shall keep full and accurate records clearly indicating the names, occupations and crafts of every workman employed by them 3 in connection with the public work together with an accurate record of the 4 number of hours worked by each workman and the actual wages paid 56 therefor. The payroll records required to be so kept shall be open to inspection by any authorized representative of the contracting public body or of the 7 8 department at any reasonable time and as often as may be necessary and such 9 records shall not be destroyed or removed from the state for the period of one year following the completion of the public work in connection with which the records 10 are made. 11

Each contractor and subcontractor shall file with the contracting public
 body upon completion of the public work and prior to final payment therefor an
 affidavit stating that he had fully complied with the provisions and requirements
 of this chapter, and no public body shall be authorized to make final payment
 until such affidavit is filed therewith in proper form and order.

17[3. Each contractor and subcontractor engaged in any construction of public works shall have its name, acceptable abbreviation or recognizable logo 18and the name of the city and state of the mailing address of the principal office 1920of the company, on each motor vehicle and motorized self-propelled piece of 21equipment which is used in connection with such public works project during the 22time the contractor or subcontractor is engaged on such project. The sign shall 23be legible from a distance of twenty feet but the size of the lettering need not be larger than two inches. In cases where equipment is leased or where affixing a 24legible sign to the equipment is impractical, the contractor may place a temporary 25stationary sign, with the information required pursuant to this subsection, at the 26main entrance of the construction project in place of affixing the required 27information on the equipment so long as such sign is not in violation of any state 2829or federal statute, rule or regulation. Motor vehicles which are required to have 30similar information affixed thereto pursuant to requirements of a regulatory agency of the state or federal government are exempt from the provisions of this 3132subsection.

4. The provisions of subsection 3 of this section shall not apply to
construction of public works for which the contract awarded is in the amount of
two hundred fifty thousand dollars or less.]

290.340. Any officer, official, member, agent or representative of any

2 public body, contractor or subcontractor who willfully violates and omits to 3 comply with any of the provisions and requirements of sections 290.210 to 4 290.340 shall be punished for each violation thereof by a fine not exceeding five 5 hundred dollars[, or by imprisonment not exceeding six months, or by both such 6 fine and imprisonment]. Each day such violation or omission continues shall 7 constitute a separate offense as contemplated by this section.



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