

**ANNE ARUNDEL COUNTY, MARYLAND  
OFFICE OF THE BUDGET**

**BILL NUMBER: 72-21**

**INTRO. DATE: September 7, 2021**

**FISCAL NOTE**

**BILL: AN ORDINANCE CONCERNING: PURCHASING – CAPITAL IMPROVEMENT CONTRACTS – PREVAILING WAGE AND LOCAL HIRING**

**SUMMARY OF LEGISLATION**

The purpose of this proposed legislation is to add a provision for prevailing wages requiring that contractors and subcontractors pay the construction employees no less than the prevailing wage established by the State Commission of Labor & Industry for State-Funded contracts in the County. Capital improvement contracts that have either a value over \$250,000, or capital projects that have a County contribution of over \$5,000,000 would be subject to this provision. Additionally, this proposed legislation would require contractors to take certain measures to hire County residents with certain exceptions, to submit certified payroll records documenting compliance, and periodic audits. This legislation would authorize the County to adopt a prevailing wage set for projects in the County by the State of Maryland, and establish certain penalties.

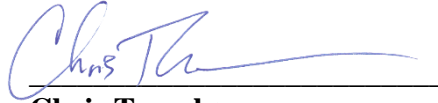
**FISCAL IMPACT**

The fiscal impact on local revenue is indeterminate as there is considerable uncertainty about the future effects on the County's employment, family income and other aspects. Prevailing wage laws have the potential to return local taxpayer dollars by directing public construction expenditures into the local economy. Conversely, higher prevailing wage could result in some contractors hiring fewer workers due to the higher wage. Under prevailing wage, by boosting the income of low-wage workers with jobs, a higher wage would lift some families' income.

The proposed legislation will undoubtedly impact general fund expenditures, but the exact impact cannot be determined. The driving factor of this uncertainty is related to project costs. There are several variables that determine project cost and some examples might include the size of a project, the duration, the complexity of a project, the number of bids received, timing, the proportion of labor and materials, etc. In turn, existing research suggests that the increase in total project costs could be anywhere between 2% and 15%.

Other factors relate to compliance. The Office of Central Services Purchasing division has requested two additional position to manage the program and oversee compliance of the proposed legislation. Adding a Management Assistant II and a Management Aid would have a recurring annual cost of approximately \$210,000, and a one-time cost of approximately \$6,300 for laptops,

furniture and fixtures. In future years, there may be technology component that would allow contractors submit information online, however that cost is indeterminate at this time.



**Chris Trumbauer**  
**Budget Officer**

9/2/2021

**Date**

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cc: Karin McQuade, Controller