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Repeal Little Davis-Bacon, reduce government fat

Summary

State legislators should repeal Oregon's prevailing wage law, which unnecessarily increases the cost of most government construction projects. Repealing this law could put more money back in the pockets of Oregon taxpayers, help solve Salem's budgetary concerns, or both.

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By Kurt T. Weber

Once upon a time it was illegal to exhibit a person in a trance, for entertainment purposes, in Oregon. That changed in 1999 when legislators saw fit to repeal Oregon Revised Statutes, 167.870. Now hypnotists can practice their craft freely in the state without fear of being imprisoned.

The above example notwithstanding, the less is more, or simplify your life, movement has not taken hold in the State Capitol. Over 4,000 bills have already been introduced for consideration this session. And hundreds of them will become new laws. If more laws meant a better society, we probably would have reached nirvana years ago. Perhaps our public servants should undertake a good legal spring cleaning and remove some laws before adding more.

As with exercising, it's good to warm up first. Let's start with something obvious to repeal, like Oregon Revised Statutes (ORS), 814.470. This state law mandates that Oregonians, when operating a bike, ride only "upon or astride a permanent and regular seat attached to the bicycle." I'm certain the Republic will continue to stand if this law is erased.

The prevailing wage law is special interest legislation that benefits a few, at the expense of all. Ultimately, it unnecessarily increases the cost of many government construction projects.

Of a more pressing nature, Oregon legislators should go after laws that needlessly inflate the cost of government. Let's begin with our prevailing wage law (ORS, 279.348 through 279.375), originally enacted in 1959 and often called the "Little Davis-Bacon Act" because it is modeled after similarly titled federal legislation. The prevailing wage law is special interest legislation that benefits a few, at the expense of all. Ultimately, it unnecessarily increases the cost of many government construction projects.

For example, in the early 1980s, the Hood River School District needed to repair a storm-damaged roof. An initial decision found that the project did not fall under the prevailing wage requirement. However, that decision was overturned after the job was completed, and the district had to pay an additional $100,000 to the workers. That $100,000, of course, came from taxpayers.

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In 1993, the executive director of the Associated Builders and Contractors testified in Salem that repealing this state law could reduce spending on state building and road projects by $150 million that biennium. That's serious money. That's taxpayers' money spent unnecessarily.

In 1997, an Oregon businessman submitted the prevailing wage law to Cascade Policy Institute's Outrageous Law Contest. He wrote that at his company "the average...laborer earns $8 per hour. Yet the government requires us to pay the same landscape laborer $25.39 per hour" when working on a government construction job. This, he noted, was "317% more than they would earn on a private project." He continued, "Contractors are required to pay huge labor rates and therefore have to charge 30% to 40% more to cover their costs."

Today, the government-mandated wage for landscapers working on public projects is lower than in 1997 because of changes in how the prevailing wage is determined. Nevertheless, the prevailing wage for this category and others still remains above wages that are paid on private construction projects. Oregonians are not alone in being forced to pay more for public works projects than is necessary.

Years ago, Maryland officials concluded that its prevailing wage law added 15 percent to the cost of public construction projects. Likewise, Florida found that it reduced expenses by $37 million - 15 percent of its school construction budget - after exempting school districts from its Little Davis-Bacon Act.

From 1994 to 1997, Michigan's prevailing wage law was not enforced due to a ruling by a federal judge. That situation provided an opportunity to study the effects of the law, as well as its absence. A subsequent report published by the Mackinac Center for Public Policy indicated that repealing Michigan's prevailing wage law, even under extremely conservative assumptions, "would have saved the state and its localities $275 million in state governmental outlays in fiscal year 1995." This was equivalent to "giving each Michigan taxpayer a five percent rebate on his state income tax payments for that year."

During the 1980s and early '90s, nine states repealed their prevailing wage laws. Florida, noted above, which initially exempted only school districts from its law, ultimately repealed its Little Davis-Bacon entirely. Oregon should follow suit. Repealing our prevailing wage law could put more money back in the pockets of Oregon taxpayers, help solve Salem's budgetary concerns, or both.

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