

Department of Planning and Budget
2025 General Assembly Session
State Fiscal Impact Statement

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ORIGINAL

Bill Number: SB 853 **Patron:** Rouse
Bill Title: Prevailing wage rate; apprenticeship requirements

Bill Summary: Requires each public service company, including its contractors, subcontractors, and third-party developers, to ensure payment at the prevailing wage rate set by the Department of Labor and Industry for any mechanic, laborer, or worker employed, retained, or otherwise hired to perform construction, maintenance, or repair work for certain electricity generating sources. The bill requires each public service company to (i) ensure that 15 percent of the total labor hours of such work is performed by qualified apprentices and (ii) employ at least one qualified apprentice if four or more individuals are employed to perform such work. Under the bill, a public service company that fails to meet the requirements of its provisions is required to make penalty payments to the Commissioner of Labor and Industry.

Budget Amendment Necessary: Yes **Items Impacted:** 349 (DOLI)

Explanation: This bill would result in an increased workload that the agency is not able to absorb within current resources.

Fiscal Summary: The Department of Labor and Industry (DOLI) would require \$2.4 million from the general fund in FY 2026.

General Fund Expenditure Impact:

<u>Agency</u>	<u>FY2025</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>
DOLI	\$0	\$2,392,509	\$1,306,397	\$1,420,285	\$1,534,173	\$1,648,061
TOTAL	\$0	\$2,392,509	\$1,306,397	\$1,420,285	\$1,534,173	\$1,648,061

Fiscal Analysis: This bill requires the Department of Labor and Industry to determine prevailing wages for all construction, maintenance, and repair projects on Renewable Portfolio Standard (RPS) energy production projects. DOLI currently enforces prevailing wage requirements on public works projects exceeding \$250,000. According to the department, there are currently 49 RPS-eligible worksites in Virginia and DOLI projects a five percent annual increase through the 2050 deadline for 100 percent RPS generation. DOLI estimates that each site could generate up to 100 construction, alteration, and repair projects annually resulting in 4,900 prevailing wage determinations. DOLI estimates needing nine (9) additional employees: four (4) prevailing wage analysts (\$113,888 each), two (2) compliance officers (\$123,080 each), one (1) supervisor (\$178,522),

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one (1) hearing and legal services officer (\$151,404), and one (1) prevailing wage specialist (\$115,271). Additionally, to keep up with the expansion of the program, the Agency will need one additional prevailing wage analyst every year until 2030, totaling 14 employees by 2030. The department is authorized for 179 full time equivalent positions (FTEs) and currently has 147 FTEs, therefore the positions can be absorbed without a MEL increase.

Additionally, the department anticipates a one-time cost of \$1.2 million to upgrade and modernize software infrastructure to maintain a prevailing wage record keeping system and an annual cost of \$45,600 for language translation services for documents and inquires.

The bill provides that any employer who violates the prevailing wage requirements will be subject to a fine of \$5,000 per affected employee, or a fine of \$10,000 per affected employee if the violation was due to intentional disregard. Employers who violate the apprenticeship requirements will be subject to a fine of \$50 per labor hour, or a fine of \$500 per labor hour if the violation was due to intentional disregard. Fines are deposited to the Literary Fund and the amount of revenue can not be determined at this time.

Other: This bill is the companion to HB 2356.