



Legislative Council Staff

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Fiscal Note

Drafting Number: LLS 21-0348
Prime Sponsors: Rep. Pelton
Sen. Hansen

Date: February 17, 2021
Bill Status: House Trans. & Local Govt.
Fiscal Analyst: Will Clark | 303-866-4720
Will.Clark@state.co.us

Bill Topic: **COST THRESHOLDS FOR PUBLIC PROJECT BIDDING REQUIREMENTS**

Summary of Fiscal Impact:

- | | |
|---|--|
| <input type="checkbox"/> State Revenue | <input type="checkbox"/> TABOR Refund |
| <input checked="" type="checkbox"/> State Expenditure | <input type="checkbox"/> Local Government |
| <input type="checkbox"/> State Transfer | <input type="checkbox"/> Statutory Public Entity |

This bill increases the cost thresholds for projects the Department of Transportation can perform in-house and for projects exempt from Transportation Commission approval, and limits when the department must pay local prevailing wages. The bill results in a one-time state workload increase, and may decrease expenditures for CDOT on an ongoing basis.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: This fiscal note reflects the introduced bill.

Summary of Legislation

Under current law, any public project supervised by the Department of Transportation (CDOT) that is reasonably expected to exceed \$150,000 for any fiscal year is subject to the "Construction Bidding for Public Projects Act," which requires state agencies to solicit bids for the construction of certain public projects. CDOT is also currently required to submit any project expected to exceed \$50,000 to the state Transportation Commission for review and approval. This bill would increase the limit for projects subject to the act to \$500,000, and increase the maximum cost for a CDOT project that is exempt from commission approval to \$100,000.

Additionally, this bill updates the term "Davis-Bacon Act" to include "Davis-Bacon and Related Acts" (DRBA), and limits the existing requirement that CDOT pay all contracted employees performing work on a public project in accordance with the DBRA to projects that exceed \$500,000.

Background

The federal Davis-Bacon Act (DBA) requires laborers to be paid local prevailing wages and fringe benefits for construction, alteration, or repair of public buildings or public works under federal government contracts in excess of \$2,000. The DBRA extends the DBA coverage to other federally assisted construction, including road and bridge construction projects funded by the Federal Highway Administration.

In 2019, the “Construction Bidding for Public Projects Act” was amended with a requirement that CDOT pay contracted employees performing work on any public project, regardless of the amount or funding source, in accordance with the federal Davis-Bacon Act. The requirement applies to solicitations issued on or after July 1, 2021.

CDOT is primarily funded from the State Highway Fund (SHF), which is comprised of federal funds, the state’s share of the Highway Users Tax Fund, and other various sources of revenue. The decision-making authority for the majority of state transportation revenue rests with the Transportation Commission, which is responsible for allocating funds from the SHF.

State Expenditures

The bill may decrease costs to CDOT on an ongoing basis, and will have a one-time workload impact on the Department of Labor and Employment in FY 2021-22.

Department of Transportation. The bill will have various impacts on CDOT, as discussed below.

- *Bidding requirements.* Increasing the dollar limit for projects subject to bidding requirements will allow CDOT to complete more maintenance activities in-house each fiscal year. No change in overall maintenance expenditures is expected.
- *DRBA requirements.* Increasing the dollar limit for public projects subject to DBRA requirements will allow CDOT to avoid training costs related to labor oversight and monitoring in projects under the limit. CDOT is also expected to reduce labor costs as the number of contracted workers entitled to local prevailing wages in accordance with the DBRA will decrease. Any adjustment in CDOT expenditures will be managed by the Transportation Commission.

Department of Labor and Employment. The bill will require minor changes to Keep Jobs in Colorado Act rules overseen by the Division of Labor Standards and Statistics, which can be accomplished within the normal course of business for the division.

Technical Note

The bill currently has a referendum clause, which may prevent it from amending the targeted statute before it takes effect on July 1, 2021.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed, and applies to projects which are bid on or after the effective date of the act.

State and Local Government Contacts

Counties

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