

# CLIENT ALERT

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1

## LABOR AND EMPLOYMENT

### MICHIGAN REPEALS PREVAILING WAGE ACT

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On June 6, 2018, the Michigan Legislature repealed the state's Prevailing Wage Act through the Michigan Repeal Prevailing Wages and Fringe Benefits on State Projects Initiative (the "Initiative"). Michigan's Prevailing Wage Act required project owners to pay workers union-scale wages and benefits for state-funded construction projects. The repeal took effect on June 6, but it does not affect preexisting contracts.

The Initiative was a result of resident petitions (the petition received over 300,000 signatures), and rather than place the Initiative on the November ballot, the Legislature repealed the Act. While Governor Snyder publicly opposed repealing prevailing wages, the repeal became law without his signature or his ability to veto it.

Supporters of the Initiative claim that paying prevailing wages for state projects overcharges taxpayers and limits the number of projects that can be funded or supported. Supporters argue that the Initiative will promote the free market and fair competition. Opponents of the Initiative argue that prevailing wages provide construction workers with fair and standardized wages and benefits so that workers can comfortably provide for their families and that taking away prevailing wages will drive qualified workers away from the state. Opponents also argue that the repeal will ultimately lead to lower quality work because unions will no longer be able to fund adequate training and apprenticeships.

The Prevailing Wage Act repeal did not affect the federal Davis-Bacon Act, which requires payment of prevailing wages on federally funded projects. It also does not affect municipal and township laws that might require payment of prevailing wages. Many projects receive both state and federal funding, and such projects (such as highway construction) will likely still require payment of prevailing wages.

Michigan is now one of 23 states without prevailing wage laws. Michigan is part of a trend of states repealing prevailing wage laws with six states repealing such laws since 2015.

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