

State of Vermont
Department of Labor
5 Green Mountain Drive
P.O. Box 488
Montpelier, VT 05601
labor.vermont.gov

[phone] 802-828-4301
[fax] 802-828-4181

MEMORANDUM

To: Vermont House Committee on General & Housing
From: Commissioner Michael Harrington, Vermont Department of Labor
Date: April 21, 2025
Subject: S.125, Section 5b – State Construction Projects

Thank you for the opportunity to comment on S.125, *an act relating to workers' compensation and collective bargaining rights*. Specifically, Section 5b pertaining to State construction projects.

The Department of Labor (“Department”) has significant concerns with section 5b, which relates to certified payroll on State construction projects.

As shared with the Senate Economic Development, Housing & General Affairs Committee earlier this year, this change would place a significant administrative burden on both contractors and State government to accomplish the prescribed reporting, record-keeping, and reviewing of payroll records. While the intent may be to benefit workers by ensuring each worker is coded correctly under Vermont’s Prevailing Wage law, this provision would put an undue burden on contractors and jeopardize the State’s ability to find qualified bidders for State construction projects. The downstream impact of this would be higher construction costs for the State and potentially less work for laborers. The Department encourages the Committee to hear from the Department of Building and General Services, the Agency of Transportation, and contractors to understand the real-world implications of this legislation.

Currently, this type of information is only requested and reviewed when a complaint is filed with the Department of Labor’s Wage and Hour Unit; however, if the intent of this legislation is for payroll reports to be submitted by all State contractors on a weekly basis and reviewed by one or more State agencies, there would need to be additional capacity added in order to achieve this effort. The Department’s Wage and Hour Unit currently has two wage investigators and operates a complaint-driven system. Should there be an expectation that a more proactive approach be taken to certify contractor payroll, substantial additional resources would be needed.

It is also important to note that this bill would require employers and State agencies to compile, transmit, review, and store protected wage information. In many cases, these contractors and receiving State agencies may not have the systems to do so securely, which could add to the cost for employers and the State when implementing this provision.

The Department looks forward to providing testimony on this topic on April 23rd as well. Should the Committee have any other questions in the meantime, please contact Rowan Hawthorne at rowan.hawthorne@vermont.gov.

