

Prevailing Wage

Effective Date: 07/01/2017

Process

State prevailing wage laws (Minn. Stat. 177.42 – 177.44) may apply to projects funded by BWSR funds. Prevailing wage is defined as the hourly wage, the usual benefits and overtime paid to the majority of workers, laborers and mechanics within a particular geographic area on state-funded construction projects.

According to Minn. Stat. §177.42 Subd. 2 “‘Project’ means erection, construction, remodeling, or repairing of a public building or other public work financed in whole or part by state funds,” and can include work performed on private property. MN Rule 5200.1010 Subp. 4 extends the definition to “highway and heavy construction.” All laborers and mechanics employed by contractors and subcontractors funded in whole or in part with state funds shall be paid wages at rates not less than those prevailing on projects of a character similar in the locality.

Prevailing wage laws are more likely to apply when the project or practice involves heavy equipment and earthmoving. Prevailing wage laws are less likely to apply when the project or practice is limited to vegetation management (removal of invasive species, livestaking a streambank, planting trees/shrubs/prairies, prescribed burning, stripcropping, etc.).

Prevailing wage laws are enforced by the Department of Labor and Industry (DOLI). The application of prevailing wage laws to specific projects is determined, not only by the size and type of the project, but also by the contracting authority. (The contracting authority is the entity that solicits bids, signs the contract, and pays the contractor.) If the project is contracted for by the state or a political subdivision of the state--such as a local unit of government (LGU)--and any portion of the contract is paid for using state funds, then prevailing wage laws apply. If labor on the project is contracted for by private landowners, such as a typical cost-share project, the application of prevailing wage laws is tenuous. The responsibility of the contracting authority is to include the correct prevailing wage rate determination and notification of prevailing wage requirements in the contract. Failure to do so shall make the contracting authority liable for any increases in the wages paid. Contracting authorities must also require certified payroll information biweekly, which the contractor or subcontractor must furnish. The responsibility to pay prevailing wages on the construction project is the contractor’s.

Additional information on prevailing wage requirements is available on the DOLI website:

<http://www.dli.mn.gov/LS/PrevWage.asp>. Questions about the application of prevailing wage laws should be directed there.

History

Description of revisions	Date
Revised format; no text changes.	7/1/2017