

## **Alaska Legislature Amends Little Davis-Bacon Act Jurisdictional threshold raised from \$2,000 to \$25,000**

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The Alaska Legislature has amended Alaska's Little Davis-Bacon Act (LDBA) to provide that its terms only apply to public construction contracts with a value exceeding \$25,000. The previous threshold was \$2,000.

It is believed that the amendment will encourage smaller contractors to submit bids for public construction projects, reduce overhead and related costs for such projects, promote rural development, and save taxpayers costs often related to LDBA projects.

Public construction projects subject to LDBA must pay prevailing wage rates to all workers on the project. The sponsor's statement observed that LDBA compliance can greatly escalate the overall cost of a project. Moreover, disputes often arise with respect to LDBA projects concerning whether or not certain workers fall within the scope of the public construction project and/or what the prevailing wage rate is or should be with respect to the occupation in question. The increased costs and litigation risks function as an economic drag draining the public treasury.

The sponsor's statement also noted that the prior \$2,000 threshold was especially unrealistic in Alaska given the time and distance involved in many rural construction projects. Almost any effort to turn a spade in rural Alaska will quickly exceed the \$2,000 threshold when mobilization and demobilization costs are factored into the budget. Consequently, rural development was impeded. In addition, smaller rural contractors were discouraged from participating in the bidding process.

Raising the threshold to \$25,000 still leaves Alaska's jurisdictional limit below the national LDBA average. Eighteen states do not have an LDBA. Nineteen states with an LDBA have varying jurisdictional thresholds up to \$500,000. The average is \$108,000. Only 13 states have an LDBA with a jurisdictional limit as low as Alaska's prior \$2,000 limit.

The Alaska House passed the LDBA amendment on March 29, 2011. The Alaska Senate followed suit on April 17, 2011. The amendment is now awaiting transmittal to the governor for execution. It is assumed by all commentators that the governor will sign the measure upon its presentment.

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