



Alabama Adopts PLA Reform

By: Nancy Fouad-Carey

On March 3, 2014, Alabama Governor Robert Bentley signed into law House Bill 195, the “Fair and Open Competition in Governmental Construction Act.” Under the Act, public agencies awarding any contract for the construction, repair, remodeling, or demolition of a public improvement, or obligating funds pursuant to such a contract, are prohibited from requiring contractors to sign a Project Labor Agreement (“PLA”), or any other agreement with a labor union, as a condition of performing work on taxpayer-funded construction projects. The Act seeks to ensure fair and open competition on public works construction projects by both union and non-union contractors alike.

PLAs are entered into prior to the commencement of construction and bring in labor unions to bargain for the wages, benefits, and terms of employment. The terms agreed upon then apply to all contractors and subcontractors working on the project. Generally, PLAs require employees to be referred from unions, and any nonunion employees must pay union dues until the project is complete.

Proponents of PLAs contend that by providing uniform wages and rules, PLAs ensure that construction will be completed on time, strikes or lockouts will be prevented, and worker safety will be improved. However, critics of PLAs maintain that PLAs raise project costs and stifle competition among nonunion contractors. Because PLAs restrict contractors from using their own procedures and wage rates, many nonunion employers are discouraged from bidding on projects.

Recently, PLAs have received national attention since President Obama issued Executive Order 13502 in 2009, which encourages federal agencies to require PLAs on projects of over \$25 million. Alabama is the 19th state to take action to prohibit mandatory PLAs on state taxpayer-funded projects. For a copy of the Act, click [here](#).

If you have any questions or need further information, please contact:

[Nancy Fouad-Carey](#) in Birmingham at (205) 458-5425 or nfouad-carey@burr.com
or your Burr & Forman attorney with whom you regularly work.