

CLIENT ALERTS

Federal Judge Rules Ban On Project Labor Agreements Unconstitutional

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In August 2011, we reported on Public Act 98, which essentially prohibited the use of Project Labor Agreements (PLAs) on all publicly funded construction projects. The law prohibited Michigan public entities — such as cities, counties and school districts — from mandating PLAs on construction projects funded by tax dollars. PLAs, which are supported by unions, set wages and work rules and generally require contractors to abide by a collective bargaining agreement for the term of the project. PLA opponents contend that the provisions discriminate against nonunion contractors by discouraging them to bid on work. Because most of those public-funded projects are subject to the Federal Davis-Bacon Act's prevailing wage provisions, or those of the companion Michigan Act, the primary significance of PA 98 was simply relief to contractors from the PLA requirement they be signatory to a Building Trades Union Agreement. PA 98 had no application to projects or PLAs already in existence at the time of its passage nor did it prevent or prohibit PLAs on privately-funded projects.

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