



March 24, 2021

The Honorable Mike Lee
United States Senate
Washington, D.C. 20510

Dear Senator Lee,

On behalf of the National Taxpayers Union, the nation's oldest taxpayer advocacy organization, I write to express our strong support for S. 805, the Davis-Bacon Repeal Act of 2021. Your legislation, as the title suggests, would finally end the expensive regulations from the Davis-Bacon Act (DBA) - an antiquated law that artificially raises construction costs, harms taxpayers, and interjects the government into competitive labor markets. We are proud to endorse the Davis-Bacon Repeal Act and we urge all senators to cosponsor and support this legislation.

As the Congress begins to consider a comprehensive infrastructure package, the introduction of S. 805 is incredibly timely. In fact, repealing the 1931 DBA is one of the most important regulatory reforms that should be included in such a package. As you know, the DBA is an expensive mandate requiring contractors for federal construction projects to pay prevailing union wages for non-union labor. On average, DBA wage rates average 22 percent higher than market wages for the same work, which the Congressional Budget Office estimates costs taxpayers roughly \$13 billion annually. Moreover, DBA gives unionized firms an advantage when bidding on infrastructure projects, keeping taxpayer costs unnecessarily high and competition to a minimum.

DBA also restricts the number of projects that can be constructed. Since labor costs are artificially higher compared to a free labor market, it makes construction projects more expensive, thereby wasting taxpayer resources and likely employing fewer people in the near term. Bringing our transportation and infrastructure systems into the 21st century must be a national priority, and ending expensive mandates will help our country achieve that goal. Additionally, since DBA is a price control on private market wages, its repeal would help find an equilibrium between wages and demand.

Thankfully your legislation is a win-win for taxpayers and businesses who choose to do business with the federal government. By ending DBA's costly requirements it will unleash the power of the free market to influence wage rates, rather than through big government mandates. We are confident that enactment of S. 805 will boost job creation, spend taxpayer dollars more efficiently, and result in more infrastructure construction taking place.

In our view, the Davis-Bacon Repeal Act is a prudent way to maximize every taxpayer dollar spent on infrastructure projects while also leveling the playing field for workers and builders. We look forward to helping you enact this legislation.

Sincerely,

Thomas Aiello
Director of Federal Affairs