

SENATE BILL REPORT

SB 6422

AS REPORTED BY COMMITTEE ON COMMERCE & LABOR, FEBRUARY 7, 1992

**Brief Description:** Limiting the prevailing wage requirement for public works workers to those who work on the site.

**SPONSORS:** Senators Cantu and Thorsness

**SENATE COMMITTEE ON COMMERCE & LABOR**

**Majority Report:** Do pass as amended.

Signed by Senators Matson, Chairman; Anderson, Vice Chairman; Bluechel, McMullen, Moore, and Skratek.

**Staff:** Jonathan Seib (786-7427)

**Hearing Dates:** February 4, 1992; February 7, 1992

**BACKGROUND:**

Current law requires employers to pay their workers no less than the prevailing wage "upon all public works." In January 1988, the State Supreme Court construed this language to require the payment of prevailing wages by off-site manufacturers producing nonstandard items specifically for a public works project. The applicable wage rate is that for the community where the off-site plant is located.

The court decision, it is suggested, has hindered the ability of some of the state's manufacturers to compete in supplying public works projects. Manufacturers in high wage counties are at a disadvantage when bidding against manufacturers in counties where the established prevailing rate is low. All in-state manufacturers are at a disadvantage when bidding against those from out of state, where no prevailing rate is established.

The Department of Labor and Industries has adopted administrative rules regarding prevailing wage and workers producing or delivering sand, gravel or other similar materials. They require the payment of prevailing wage to some persons not working directly on the site of a public works project.

**SUMMARY:**

Only those employed directly on the site of public works must be paid the prevailing wage.

Reference in public works contract specifications to persons other than contractors or subcontractors as those who must pay the prevailing wage is removed.

**SUMMARY OF PROPOSED COMMITTEE AMENDMENTS:**

Only those employed directly on the site of public works must be paid the prevailing wage.

Fabrication plants, mobile factories, batch plants, borrow pits, job headquarters, tool yards, etc. are to be considered part of the site of a public works provided they are dedicated exclusively, or nearly so, to performance of the public works contract or project, and are so located in proximity to the actual construction location that it would be reasonable to include them; or provided they are performing the public works contract or project and have been in operation for less than six months.

The act is to expire on July 1, 1994

By December 1, 1993, the Department of Labor and Industries is to report to the Legislature regarding the effects of the act and other possible means to address concerns raised by off-site prevailing wage requirements.

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** requested February 3, 1992

**TESTIMONY FOR:**

There are no other states which extend their prevailing wage law to off-site manufacturers. Because this is done in Washington, Washington manufacturers have lost jobs to out-of-state firms who are not required to pay prevailing wage. Requiring manufacturers to distinguish between hours spent on products for public works and hours spent on other products is confusing and burdensome.

**TESTIMONY AGAINST:**

The bill would allow "sham" off-site production facilities just to avoid the paying of the prevailing wage. The prevailing wage law is intended to protect the worker, and creating a statutory loophole risks placing workers in economic hardship. Concerns regarding this issue would be better addressed through the off-site subcommittee of the Department of Labor and Industries' Prevailing Wage Task Force.

**TESTIFIED:** Senator Cantu, prime sponsor; Clif Finch, Assn. of Washington Business (pro); Judith Jewell, Olympian Precast, Inc. (pro); Joseph Mitchell, GMP-AFL-CIO, CLL (pro); Curt Anderson, ACCA (pro); Bob Dilger, WA State Building & Construction Trades Council (con); Chuck Bailey, WA State Labor Council (con); Dick Lenneger, Joint Council of Teamsters (con); Ada Kreckow, WA State Fair Contractors Assn. (con); Otto Herman, Jr., Rebound (con)