

# HOUSE BILL REPORT

## SHB 1219

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As Passed Legislature

**Title:** An act relating to creating the public works administration account.

**Brief Description:** Creating the public works administration account.

**Sponsors:** By House Committee on Appropriations (originally sponsored by Representatives Orr, Locke, Heavey, Basich, Jones, Dellwo, Dunshee, Bray, Wang, Jacobsen, R. Meyers, Springer, Veloria, G. Cole, King, Johanson and Franklin.)

**Brief History:**

Reported by House Committee on:  
Commerce & Labor, January 26, 1993, DPA;  
Appropriations, February 24, 1993, DPS(APP);  
Passed House, March 12, 1993, 63-35;  
Amended by Senate;  
Passed Legislature, April 19, 1993, 60-35.

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### HOUSE COMMITTEE ON COMMERCE & LABOR

**Majority Report:** Do pass as amended. Signed by 6 members: Representatives Heavey, Chair; G. Cole, Vice Chair; Franklin; King; Springer; and Veloria.

**Minority Report:** Do not pass. Signed by 3 members: Representatives Lisk, Ranking Minority Member; Chandler, Assistant Ranking Minority Member; and Horn.

**Staff:** Chris Cordes (786-7117).

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### HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** The substitute bill by Committee on Appropriations be substituted therefor and the substitute bill do pass. Signed by 16 members: Representatives Locke, Chair; Valle, Vice Chair; Appelwick; Basich; Dellwo; Dorn; Dunshee; G. Fisher; Jacobsen; Lemmon; Leonard; Linville; Rust; Sommers; Wang; and Wolfe.

**Minority Report:** Without recommendation. Signed by 9 members: Representatives Silver, Ranking Minority Member;

Carlson, Assistant Ranking Minority Member; Ballasiotes; Cooke; Morton; Sehlin; Sheahan; Stevens; and Talcott.

**Staff:** Wayne Kawakami (786-7384).

**Background:** The state prevailing wage law requires prevailing wages to be paid to employees on public works construction projects. All public works contracts must contain a provision requiring the payment of prevailing wages. Before an agency may disburse any payment on a public works contract, the contractor and subcontractors are required to submit a "statement of intent to pay prevailing wages." When the agency finally accepts the project, an "affidavit of wages paid" must be submitted before the agency may release the final payments.

An agency that willfully fails to require the contractor to submit statements of intent and affidavits to confirm the wages paid is liable for any wages due to the project's employees under the prevailing wage law.

The department is authorized to set fees for performing activities required under the prevailing wage law, such as approving statements of intent to pay prevailing wages. The fees must be set at a level that generates revenue "as near as practicable" to the amount of the appropriation made to carry out these activities. The fees are deposited in the state general fund.

**Summary of Bill:** The requirement for imposing agency liability under the prevailing wage law is changed. An agency is liable for the workers' wages if the agency knowingly fails to require the contractor to submit statements confirming that prevailing wages have been paid, rather than if the agency willfully fails to comply with these requirements.

The prevailing wage fees set by the Department of Labor and Industries are for administering the prevailing wage chapter, including the performance of adequate wage surveys, and for investigating violations, including incorrect statements of intent to pay prevailing wages and affidavits of wages paid, and wage claim violations. The fees may not exceed \$25 for approval of statements of intent to pay prevailing wages and affidavits of wages paid. All fees are deposited in the public works administration account. Each quarter, 30 percent of the amount in the fund will be transferred to the state general fund. Appropriations from the account, other than the money transferred, may be used only for administration of the prevailing wage chapter, including the performance of adequate wage surveys, and for

investigation of alleged violations, including incorrect statements and affidavits, and wage claim violations.

**Fiscal Note:** Available.

**Effective Date:** The bill contains an emergency clause and takes effect on July 1, 1993.

**Testimony For:** (Commerce & Labor) The dedicated fund is needed to increase enforcement capability at the Department of Labor and Industries. Because of the department's underfunding, several private organizations have been formed to assist the department in uncovering prevailing wage violations. But even when violations are discovered, the department does not have the resources to pursue claims on behalf of the workers. Honest contractors are being hurt when violations are not corrected. The number of violations seem to be growing, and contractor complaints about "cheaters" are also growing. The purpose of having 30 percent of the fund transferred to the state general fund is to help defray the cost of attorney general time and other state costs that arise because of enforcement activities.

(Appropriations) The Department of Labor and Industries does not have the ability to enforce the prevailing wage laws at their current funding level. A dedicated account will allow the department to raise the funds needed to properly enforce the prevailing wage law.

**Testimony Against:** (Commerce & Labor) Contractors are not aware of a large problem in enforcing compliance with the prevailing wage law. But if prevailing wage fees are to be set at a level sufficient for the program, the Legislature should retain appropriation authority over the fund. If there is a need to change the current method of appropriating from the money generated by the fees, all the parties should bring that issue to the appropriate fiscal committees.

(Appropriations) The prevailing wage law should be enforced but not as the bill is currently drafted. The bill provides too much discretion with the department and the Legislature should retain the appropriation authority of the fund. There should also be a fee limit established.

**Witnesses:** (Commerce & Labor) (In favor): Bob Dilger, Washington State Building and Construction Trades Council; Otto Herman, Rebound; Allan Darr, International Union of Operating Engineers; and Paul McNeil, Northwest Fair Contracting Association. (Opposed): Dick Ducharme, Utility Contractors Association of Washington.

(Appropriations) (In favor): Alan Darr, Operating Engineers; Otto Herman, Jr., Rebound; Larry Stevens, United Subcontractors Association; Duke Schaub, AGC of Washington; and Gary Smith, Industrial Business Association.