

HOUSE BILL REPORT

ESB 5217

As Reported By House Committee On:
Commerce & Labor

Title: An act relating to public contracts.

Brief Description: Requiring compliance with chapter 39.12
RCW of public works.

Sponsors: Senators Pelz, Jesernig, A. Smith, Prentice, Moore,
Vognild, Winsley, Roach, Sutherland and Quigley.

Brief History:

Reported by House Committee on:
Commerce & Labor, March 24, 1993, DP.

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass. Signed by 6 members:
Representatives Heavey, Chair; G. Cole, Vice Chair; Conway;
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).

Background: All public works undertaken by the state or
local governments must comply with the state prevailing wage
law. The prevailing wage law does not apply to facilities
built by private contractors for the general market. But if
80 percent or more of a new facility will be occupied by a
state agency through a contract to rent, lease or purchase
the facility from the private owner, the state agency may
not cause the facility to be built unless the contractor
complies with the prevailing wage law.

Summary of Bill: If a state agency or local government
causes any construction, repair, or improvements, except
ordinary maintenance, to be performed by a private party
through a contract to rent or purchase at least 50 percent
of the project by one or more state agencies or local
governments, the work must be performed in compliance with
the prevailing wage law.

This requirement applies only to projects for which competitive bids have not been requested prior to the bill's effective date.

Fiscal Note: Available.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: The bill applies the prevailing wage to projects that are similar in nature to public works. Current law allows the agencies to circumvent the public bidding law and the prevailing wage requirements for public works when projects involve remodeling buildings owned by private sector developers. This was never the intent of the law.

Testimony Against: The bill expands the use of prevailing wage far beyond the agreement reached in 1986 concerning projects built by private sector contractors. The issue of remodeled buildings is an issue involving state agencies, but this bill applies to all governments. The bill will increase the cost of providing space for agencies and make the process more complex. A large fiscal impact has been estimated for the state. There is a concern that the use of the word "project" may be interpreted more broadly than the proponents intend.

Witnesses: (In favor) Bob Dilger, Washington Building and Construction Trades Council; Otto Herman, Rebound; and Alan Darr, International Operating Engineers Union. (Opposed) Duke Schaub, Associated General Contractors; Jim Justin, Association of Washington Cities; and Bill Schultz, city of Yakima.