

HOUSE BILL REPORT

HB 1219

As Reported By House Committee On:
Commerce & Labor
Appropriations

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

Brief Description: Creating the public works administration account.

Sponsors: 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).

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).

Background: The Department of Labor and Industries administers the state's wage laws, including the prevailing wage law. These laws are enforced in the Employment Standards, Apprenticeship, and Crime Victims Division (ESAC).

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.

In the 1991-93 fiscal biennium, the department estimates that the current fees will generate \$1,171,830. The ESAC Division was appropriated \$591,348 during this fiscal period for prevailing wage activities.

Summary of Amended Bill: The Department of Labor and Industries must set fees for prevailing wage functions at a level that is sufficient to administer the prevailing wage chapter and to investigate violations, including wage claim violations. The department must deposit all fees collected for prevailing wage functions in the public works administration account. Each quarter, 30 percent of the amount in the fund will be transferred to the state general fund. Expenditures from the account may be used only for administration of the prevailing wage chapter and for investigation of alleged violations, including wage claim violations. Disbursement from the account will be on authorization of the director, and no appropriation is required.

Amended Bill Compared to Original Bill: The amendments clarify that money transferred from the public works administration account to the general fund is not considered an "expenditure" from the account and that only the director or designee may authorize expenditures.

Fiscal Note: Requested January 25, 1993.

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

Testimony For: 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.

Testimony Against: 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.

Witnesses: (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.

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).

Summary of Recommendation of Committee on Appropriations Compared to Recommendation of Committee on Commerce & Labor: The moneys left in the public works administration account may only be appropriated for administration and investigation of the prevailing wage law, including performing adequate wage surveys. The bill requires the department to set the fee level as near practicable to the amount of the appropriation; establishes that the fees charged for the approval of statements of intent to pay prevailing wages and the certification of affidavits of wages paid shall be no greater than \$25; and clarifies that funds transferred from the public works administration account to the general fund is not considered an expenditure such that it can be used only for particular purposes.

Fiscal Note: Available.

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

Testimony For: 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: 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: (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.