

# HOUSE BILL REPORT

## ESB 5217

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As Passed House  
April 5, 1993

**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;  
Passed House, April 5, 1993, 56-41.

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### 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.