

**SENATE BILL REPORT**

**SB 5216**

**AS OF FEBRUARY 5, 1993**

**Brief Description:** Requiring disclosures for public works bids.

**SPONSORS:** Senators Prentice, Moore, A. Smith, Sutherland and Quigley

**SENATE COMMITTEE ON LABOR & COMMERCE**

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

**Hearing Dates:** February 8, 1993

**BACKGROUND:**

Employers in Washington are required to pay both unemployment insurance and workers' compensation premiums. Employers failing to pay are subject to interest charges and civil penalties, and to collection action.

There is concern that some contractors on public works projects nonetheless fail to include these premiums in their bids, and fail to pay the premiums as required. This allows them to underbid other contractors. There is no remedy for contractors and others who lose work when they are underbid by another contractor because that contractor does not pay unemployment insurance or workers' compensation premiums.

**SUMMARY:**

Any bid for a public works project must include the bidder's workers' compensation and unemployment insurance costs.

If the successful bidder on a construction contract is determined to have failed to pay as required for workers' compensation or unemployment insurance coverage, the successful bidder is liable for damages to the second lowest bidder, entities contracting with the second lowest bidder, and any worker who would have been paid the prevailing wage. In these cases, there is a rebuttable presumption that the bid was awarded to the successful bidder, and not the second lowest bidder, because the successful bidder was able to lower its bid by not paying for the required coverage.

A second lowest bidder who, within one year prior to filing the bid for a public works project, has failed to pay as required for workers' compensation or unemployment insurance coverage is prohibited from bringing an action under the act.

The provisions of the act are made explicitly applicable to bidders on public works for first, second or third class cities or towns and for counties.

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** available