

SENATE BILL REPORT

ESB 5217

AS PASSED SENATE, MARCH 11, 1993

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

SENATE COMMITTEE ON LABOR & COMMERCE

Majority Report: Do pass as amended.

Signed by Senators Moore, Chairman; Prentice, Vice Chairman; Fraser, McAuliffe, Pelz, Sutherland, Vognild, and Wojahn.

Staff: Jonathan Seib (786-7427)

Hearing Dates: January 26, 1993; February 5, 1993

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass as amended by Committee on Labor & Commerce.

Signed by Senators Rinehart, Chairman; Spanel, Vice Chairman; Bauer, Gaspard, Hargrove, Jesernig, Pelz, Quigley, Snyder, Sutherland, Talmadge, Williams, and Wojahn.

Minority Report: Do not pass.

Signed by Senators Bluechel, Cantu, Hochstatter, McDonald, and Roach.

Staff: Steve Jones (786-7440)

Hearing Dates: February 10, 1993; February 11, 1993

BACKGROUND:

A contractor must comply with the state's prevailing wage law in the construction of any new facility built by a private party through a contract under which at least 80 percent of the facility will be rented, leased, or purchased for occupation by a state agency.

SUMMARY:

The statute governing prevailing wage and the construction of a new facility by a private party which is to be rented, leased or purchased by a state agency is repealed.

Any work, construction, alteration, repair or improvement, other than ordinary maintenance, that the state or a municipality causes to be performed by a private party through

a contract to rent, lease or purchase at least 50 percent of the project by one or more state agencies or municipalities must comply with the prevailing wage law.

Appropriation: none

Revenue: none

Fiscal Note: available

TESTIMONY FOR (Labor & Commerce):

The current law's application only to new construction allows circumvention of the prevailing wage law by state agencies who claim it is not "new construction" unless every piece of the facility is new. The prevailing wage law should be applied for the protection of the worker.

TESTIMONY AGAINST (Labor & Commerce):

Existing law is sufficient and reasonably clear. The proposed legislation creates substantial ambiguities as to when the prevailing wage law would and would not apply.

TESTIFIED (Labor & Commerce): Allan Darr, Operating Engineers (pro); Otto Herman, Rebound (pro); James Kerlee, Washington State Council of Carpenters (pro); Cliff Webster, Associated Builders and Contractors (con)

TESTIMONY FOR (Ways & Means):

The bill is needed to prevent circumvention of the prevailing wage law when developers rebuild existing structures in order to avoid paying prevailing wages on new construction. The prevailing wage law was designed to protect workers and their families from employers who are unwilling to pay for wages, health insurance, and other benefits that reflect community standards. The differential rate of pay required by the prevailing wage law is a relatively minor part of the lease rate paid by state agencies. The lease costs in facilities built with prevailing wages are not necessarily higher than lease costs in other facilities; rents are determined by market forces that are often independent of labor costs.

TESTIMONY AGAINST (Ways & Means):

The bill expands the prevailing wage law to an extent that is not justified by the narrow problem experienced when renovation projects are used to circumvent the law. Prevailing wages, as defined in current law, are an artificial invention that exceed the competitive rate paid for labor in the marketplace by up to 20 percent. The fiscal impact on the state and local jurisdictions, particularly larger cities with substantial amount of leased space, will add to their already serious budget problems.

TESTIFIED (Ways & Means): Betty Reed, Department of General Administration; Allan Darr, Operating Engineers (pro); Jim

King, State Building and Construction Trades Council (pro); Otto Herman, Jr., Seattle/King County Building and Construction Trades Council (pro); Mark Bean, South Puget Sound District Council of Carpenters (pro); Jim Justin, Association of Washington Cities (con); Rick Slunaker, Associated General Contractors (con); Cliff Webster, Associated Builders and Contractors (con); Gary Smith, Independent Business Association