

HOUSE BILL REPORT

HB 2102

As Reported By House Committee On:

Commerce & Labor

Title: An act relating to prevailing wage surveys.

Brief Description: Revising prevailing wage surveys.

Sponsors: Representatives Koster, McMorris, Mielke, Sherstad, Honeyford and Dunn.

Brief History:

Committee Activity:

Commerce & Labor: 3/3/97, 3/5/97 [DPS].

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives McMorris, Chairman; Honeyford, Vice Chairman; Conway, Ranking Minority Member; Wood, Assistant Ranking Minority Member; Boldt; Clements; Cole; Hatfield and Lisk.

Staff: Selwyn Walters (786-7117).

Background: The prevailing wage law requires that employees on public works construction projects be paid the prevailing wage. The Department of Labor and Industries administers the prevailing wage law. The prevailing wage is the rate of hourly wage, usual benefits, and overtime paid in a locality to a majority of workers, laborers, or mechanics, in the same trade or occupation. All public works contracts must contain a provision requiring the payment of prevailing wages. Before an agency may disburse any payment on a public works contract, the contractor and subcontractors are required to submit a "statement of intent to pay prevailing wages." When the agency finally accepts the project, an "affidavit of wages paid" must be submitted before the agency may release the final payments. Determinations of the prevailing wage are made by the industrial statistician of the Department of Labor and Industries.

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 prevailing wage

fees set by the Department of Labor and Industries are for administering the prevailing wage chapter, including the performance of adequate wage surveys, and for investigating violations, including incorrect statements of intent to pay prevailing wages and affidavits of wages paid, and wage claim violations.

The fees may not exceed \$25 for approval of statements of intent to pay prevailing wages and affidavits of wages paid. All fees are deposited in the public works administration account. Each quarter, 30 percent of the amount in the fund is transferred to the state general fund. Appropriations from the account, other than the money transferred, may be used only for administration of the prevailing wage chapter, including the performance of adequate wage surveys, and for investigation of alleged violations, including incorrect statements and affidavits, and wage claim violations.

Summary of Substitute Bill: The entire amount of the fees charged by the Department of Labor and Industries for performing activities required under the prevailing wage law must be deposited in the public works administration account. The requirement to transfer 30 percent of the revenue from the account is repealed. Only the director of the Department of Labor and Industries or his or her designee may authorize expenditures from the account. The account is subject to the allotment procedures under the state budgeting, accounting, and reporting system law, but an appropriation is not required for expenditures.

In determining the prevailing wage, the industrial statistician of the Department of Labor and Industries must use survey procedures and analytical processes commonly recognized to provide reliable and verifiable results.

Substitute Bill Compared to Original Bill: The substitute bill deletes the requirement that determinations of the prevailing wage would be made under a contract with an independent third party.

Appropriation: None.

Fiscal Note: Requested on March 2, 1997.

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

Testimony For: A reliable and verifiable methodology is needed to ensure accurate wage information in the industry. The result will be significant cost savings. The dedicated fund is needed to increase enforcement capability at the Department of Labor and Industries. The department does not have the ability to enforce the prevailing wage laws at its current funding level. A dedicated account will allow the

department to raise the funds needed to properly enforce the prevailing wage law, including conducting the prevailing wage survey.

Testimony Against: Contractors are not aware of a large problem in enforcing compliance with the prevailing wage law. The current survey methods work well, and any change may result in a diminution of the prevailing wage. The ability of employees to make a family wage will be significantly affected by any decrease in the prevailing wage level.

Testified: (Pro) Representative John Koster, prime sponsor; Gary Smith, Independent Business Association; Cliff Webster, Associated Builders and Contractors; Gale Gellenbeck; Curt Anderson, Associated Builders and Contractors; and Dirk Johnson, Independent Business Association. (Con) Greg Mowat, Department of Labor and Industries; Tom Harris; Ron Knight, Operating Engineers Local #302; Pat Underhill; Lonnie Wangen, Pile Drivers Local 2396; Joe Baca; Gordon Howins; John Burnett; Fred Satter; John Meier; Ronald Rees, Ironworkers Local 86; Grant Alexander; Robert Dilger, Washington State Building and Construction Trades Council; George Koontz; Roger Boatwright, Rebound; Wayne Harrington; Peter Coates; Allan Darr, International Union of Operating Engineers; Dan Sexton, United Association of Plumbers and Pipefitters; Robby Stern, Washington State Labor Council; Owen Linch, Joint Council of Teamsters; and Elliott Tanner.