

HOUSE BILL REPORT

HB 1052

As Reported By House Committee On:

Commerce & Labor

Title: An act relating to creation of dedicated accounts for contractor registration, factory assembled structures, and elevator inspection programs.

Brief Description: Creating accounts for certain programs.

Sponsors: Representatives Conway and Clements; by request of Department of Labor & Industries.

Brief History:

Committee Activity:

Commerce & Labor: 1/27/99, 3/1/99 [DPS].

Brief Summary of Substitute Bill

- Revenues collected through the regulation of contractors, elevator operations, and manufacture of factory assembled structures is deposited into three newly created dedicated accounts rather than in the general fund.
- Interest on these revenues is deposited back into the new dedicated accounts.

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 6 members: Representatives Clements, Republican Co-Chair; Conway, Democratic Co-Chair; Wood, Democratic Vice Chair; Hurst; Lisk and McIntire.

Minority Report: Do not pass. Signed by 2 members: Representatives B. Chandler, Republican Vice Chair and McMorris.

Staff: Douglas Ruth (786-7134).

Background:

The Department of Labor and Industries regulates many different trades and industries. Three of these are construction contractors, factory assembled structures, and elevator systems. To pay for the cost of this regulation, the department collects registration, inspection, or permit fees from all three trades. In addition, the department imposes monetary penalties on individuals that violate the department's health and safety rules for each industry.

These fees and penalties are deposited into the state general fund. From the general fund, the Legislature appropriates funds each biennium to cover the enforcement and administration costs of these programs.

Summary of Substitute Bill:

Three dedicated accounts are created. A dedicated account is created for the contractor registration program, the factory assembled structures program, and the elevator inspection program. All receipts collected by the department for penalties, permits, contractor registration, and inspections will be deposited in the respective account.

Expenditures from the accounts must be appropriated by the Legislature, but may be spent only for furthering the purposes of each respective program. All surpluses and interest generated by each program will be deposited back in that program's dedicated account.

Substitute Bill Compared to Original Bill: The substitute bill clarifies that the factory-assembled structures permit and inspection fees currently collected by cities, counties, and other local enforcement agencies will not be deposited into the new factory-assembled structures account. Only fees collected by the department will go into that account.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date of Substitute Bill: Ninety days after adjournment of session in which bill is passed, except Section 5, which takes effect September 1, 2000.

Testimony For: (Original bill) Creation of a dedicated account for the elevator inspection program is needed to meet the future needs of this program. All three programs involve the regulated industry in the operation of the program. The industries support the programs through the payment of fees. The programs provide consumer protection, rather than just services to the regulated industries. Under these

circumstances, dedicated accounts are appropriate. This is the first time the department has supported the creation of dedicated accounts. They are needed under these circumstances to insure that the services and consumer protection provided by these programs are delivered in a timely manner. The industries regulated by these programs are large, and consumer protection cannot adequately be provided with current funding levels. The regulated industries have requested the creation of dedicated accounts for this reason. If regulation is slow or inadequate, the regulated industries in each program will not be competing on a level playing field. Also, delays in inspections and permitting increase construction costs. Creation of dedicated accounts would allow revenues and expenditures of individual programs to be tracked more accurately. The fees charged by the department would still need to comply with the 601 fee limits. The Legislature would continue to have oversight through their appropriations power. Regarding the general fund, creation of the dedicated accounts would be a one-time decrease in the "601 limit."

Testimony Against: None.

Testified: (Original bill) Jan Gould, Sound Electric; Patrick Woods, Department of Labor and Industries; Dan Sexton, Washington State Association of Plumbers and Steamfitters; Charles Mitchel, Mitchel Plumbing; Gary Smith, Independent Business Association; and Rick Slunaker, Associated General Contractors.