

HOUSE BILL REPORT

HB 1138

As Reported by House Committee On:
Commerce & Labor

Title: An act relating to prevailing wage civil penalties.

Brief Description: Depositing wage fines in the public works administration account.

Sponsors: Representatives Cairnes, Conway, Campbell, Dunshee, O'Brien, Cooper, Simpson, Roach, Kenney, D. Schmidt, Kirby and Keiser.

Brief History:

Committee Activity:

Commerce & Labor: 1/30/01, 2/16/01 [DP].

Brief Summary of Bill

- Requires that civil penalties for prevailing wage law violations be deposited in the Public Works Administration Account, rather than the general fund.

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass. Signed by 7 members: Representatives Conway, Democratic Co-Chair; B. Chandler, Republican Vice Chair; Wood, Democratic Vice Chair; Hunt, Kenney, Lisk and McMorris.

Staff: Jill Reinmuth (786-7134).

Background:

Contractors and subcontractors on public works projects must comply with the state prevailing wage law. They must file statements of intent to pay prevailing wages and affidavits of wages paid. They also must pay prevailing wages to employees on public works projects.

The Department of Labor and Industries administers and enforces the state prevailing wage law.

The department charges contractors and subcontractors fees for approving statements of

intent, certifying affidavits of wages paid, and arbitrating prevailing wage disputes. 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 fees for approving statements of intent and certifying affidavits may not exceed \$25. The fees for arbitrating disputes are not limited. All fees are deposited in the Public Works Administration Account.

The department also assesses civil penalties against contractors and subcontractors for filing false statements of intent, failing to file statements of intent, or failing to pay prevailing wages. The civil penalty for filing a false statement or failing to file is \$500. The civil penalty for failing to pay prevailing wages is \$1,000, or 20 percent of the total prevailing wage violation, whichever is greater. All civil penalties are deposited in the general fund.

Each quarter, an amount equaling 30 percent of the revenues received into the Public Works Administration Account is transferred into the state general fund. Except for money transferred into the general fund, the money in the Public Works Administration Account may be appropriated only to administer the state prevailing wage law.

Summary of Bill:

Civil penalties for prevailing wage law violations are deposited in the Public Works Administration Account, rather than the general fund.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: Enforcement of prevailing wage laws is critical and adequate funding of enforcement efforts is critical. If funding is inadequate, employers and employees suffer. Business and labor are working together to find stable funding for enforcement of prevailing wage laws.

Depositing civil penalties into the Public Works Administration Account instead of the general fund helps. The fiscal note indicates that the fiscal impact is a loss of \$50,000 per year to the general fund and a gain of \$50,000 per year to the Public Works Administration Account. The amount is actually less than \$50,000 per year because 30 percent of the funds in the Public Works Administration Account are transferred to the general fund each quarter.

Eliminating the transfer of 30 percent of the funds in the Public Works Administration

Account to the general fund each quarter would also help. Since 1993, \$3 million has been transferred to the general fund. The prevailing wage program could have been more responsive to business and labor if those funds had remained in the Public Works Administration Account.

Testimony Against: None.

Testified: Richard King, International Brotherhood of Electrical Workers; Rick Slunaker, Associated General Contractors; and Dan Sexton, Washington State Association of Plumbers and Pipefitters.