

# HOUSE BILL REPORT

## HB 1138

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### As Passed Legislature

**Title:** An act relating to prevailing wage civil penalties.

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

**Sponsors:** By 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];

Appropriations: 2/26/01, 3/8/01 [DP].

**Floor Activity:**

Passed House: 3/13/01, 94-0.

Passed Senate: 4/9/01, 43-4.

Passed Legislature.

<p style="text-align: center;"><b>Brief Summary of Bill</b></p> <ul style="list-style-type: none"><li>· Requires that civil penalties for prevailing wage law violations be deposited in the Public Works Administration Account, rather than the general fund.</li></ul>
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### 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).

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### HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** Do pass. Signed by 32 members: Representatives Sehlin, Republican Co-Chair; H. Sommers, Democratic Co-Chair; Barlean, Republican Vice Chair; Doumit, Democratic Vice Chair; Lisk, Republican Vice Chair; Alexander, Benson, Boldt, Buck, Clements, Cody, Cox, Dunshee, Fromhold, Gombosky, Grant, Kagi, Keiser, Kenney,

Kessler, Lambert, Linville, Mastin, McIntire, Mulliken, Pearson, Pflug, Ruderman, D. Schmidt, Schual-Berke, Talcott and Tokuda.

**Staff:** Linda Brooks (786-7153).

**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 (PWAA).

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 PWAA is transferred into the state general fund. Except for money transferred into the general fund, the money in the PWAA may be appropriated only to administer the state prevailing wage law.

**Summary:**

Civil penalties for prevailing wage law violations are deposited in the PWAA, 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:** (Commerce & Labor) 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 PWAA 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 PWAA. The amount is actually less than \$50,000 per year because 30 percent of the funds in the PWAA are transferred to the general fund each quarter.

Eliminating the transfer of 30 percent of the funds in the PWAA 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 PWAA.

**Testimony For:** (Appropriations) This is a very straightforward bill. The money should be used to administer the projects that generated the fines. In 1993 the Legislature required 30 percent of the revenues resident in the PWAA to be transferred to the general fund. The point is that penalties and fees associated with the prevailing wage program should support the program's costs by paying for prevailing wage surveys, enforcement activities, and other services that are necessary to provide what everyone expects and needs from the program.

**Testimony Against:** (Commerce & Labor) None.

**Testimony Against:** (Appropriations) None.

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

**Testified:** (Appropriations) Representative Cairnes, prime sponsor; Terry Tilton, Rebound; Dan Sexton, Washington Association of Plumbers and Pipefitters; and Rick Slunaker, Associated General Contractors.