

FINAL BILL REPORT

SHB 1328

C 210 L 07

Synopsis as Enacted

Brief Description: Concerning small works roster contracting procedures.

Sponsors: By House Committee on State Government & Tribal Affairs (originally sponsored by Representatives Santos, Anderson, Green, Hunt, Miloscia, McDermott, Hasegawa, Hudgins, Chandler, Darneille, Haigh, Hankins, Wallace, Kristiansen, Kagi, Pettigrew, Kenney and Conway).

House Committee on State Government & Tribal Affairs
Senate Committee on Government Operations & Elections

Background:

Small Works Roster.

State agencies and local governments may use the small works roster process to award contracts for public works projects estimated to cost \$200,000 or less. When an agency or local government elects to use this process, it must solicit bids from at least five contractors who have requested to be listed on a small works roster. The agency or local government, if it decides to award the contract, awards the contract to the lowest responsible bidder. The agency or local government must make an effort to equitably distribute the opportunity among contractors on the roster if the bids are solicited from less than all the contractors on the roster.

The small works roster process also allows for a limited process for projects estimated to cost less than \$35,000. Under this process, a state agency or authorized local government may solicit electronic or written quotations from a minimum of three contractors from the small works roster and shall award the contract to the lowest responsible bidder.

Bonds and Retainage.

In most instances, the general contractor on a public works project is required to post a performance bond to faithfully perform all work under the contract and to pay laborers, materialmen, and subcontractors. Also, in most instances, a retainage of up to 5 percent of the contract amount is required on public works contracts to be paid to the contractors 45 days after the completion of the project. The amount serves as a trust fund for payment of laborers, subcontractors, materialmen, and excise taxes that are imposed on the contract.

For contracts of \$25,000 or less, the public entity may, in lieu of a bond, retain 50 percent of the contract price for a period of 30 days until receipt of all releases from the Department of Revenue and the Department of Labor and Industries and settlement of any liens filed against the contractor for the public works project.

Upon completion of contracts over \$20,000, the public entity must notify the Department of Revenue of contract completion. Payment of the retained funds may not be made until the Department of Revenue issues a certificate that all taxes, increases, and penalties due from the contractor have been paid in full or are readily collectible without recourse to the state's lien.

Statement of Intent to Pay Prevailing Wages.

Contractors and subcontractors on public works projects are required to submit a "statement of intent to pay prevailing wages" that must be approved by the Department of Labor and Industries before it is submitted to the public entity. Following final acceptance of the project, the contractor and each subcontractor must submit an "affidavit of wages paid" that must also be approved by the Department of Labor and Industries before it is submitted to the public entity for final payment. For public works projects of \$2,500 or less, the statement of intent and the affidavit of wages paid may be submitted directly to the public entity without approval by the Department of Labor and Industries.

Summary:

Small Works Roster.

A state agency or authorized local government may use the limited public works process to solicit and award small works roster contracts to small businesses that are registered contractors with gross revenues under \$1 million annually as reported on their federal tax return. A state agency or authorized local government may adopt additional procedures to encourage small businesses that are registered contractors with gross revenues under \$250,000 annually as reported on their federal tax returns to submit quotations or bids on small works roster contracts.

Bonds and Retainage.

The dollar threshold of a public works contract in which public entities may retain 50 percent of the contract amount in lieu of a bond is increased from \$25,000 to \$35,000. The dollar threshold in which a public entity is required to notify the Department of Revenue upon completion of a public works contract for tax lien purposes is changed from \$20,000 to \$35,000.

Statement of Intent to Pay Prevailing Wages.

The alternative procedure for submission of an intent to pay prevailing wages may be used for projects using the limited public works process.

Votes on Final Passage:

House	95	0	
Senate	43	3	(Senate amended)
House	95	0	(House concurred)

Effective: July 22, 2007