

SENATE BILL REPORT

SB 6938

As of February 28, 2008

Title: An act relating to the application of chapter 39.12 RCW to construction projects that involve tax incentives, loans, or public land or property that is sold or leased.

Brief Description: Concerning the application of chapter 39.12 RCW to construction projects that involve tax incentives, loans, or public land or property that is sold or leased.

Sponsors: Senators Prentice, Kohl-Welles, McAuliffe and Kline.

Brief History:

Committee Activity: Ways & Means: 2/25/08.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Maria Hovde (786-7710)

Background: The Prevailing Wage on Public Works Act requires the maintenance and construction industries to pay their employees the prevailing wage for work on projects that are paid for with public funds. Prevailing wages are established by the Department of Labor and Industries (L&I) for each trade and occupation and are based on the local wage conditions.

Summary of Bill: Projects that involve: 1) tax incentives or loans established by the state or local governments; 2) the sale of public land or property to a private entity for less than fair market value; and 3) the lease of public land to a private entity are subject to the Prevailing Wage on Public Works Act.

Appropriation: None.

Fiscal Note: Requested on February 7, 2008.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: Although I am in support of prevailing wages, there are concerns with the current language in the bill. There are a lot of different programs and ways that public works projects could involve tax incentives. The City of Bellingham, for example, has a small grants program that is used to provide money for neighborhood beautification and other improvements. Under this bill, a landscaper would have to pay prevailing wages. There may also be confusion when projects are completed in stages. For

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example, if an initial project installs a sewer system to a certain point and a neighborhood is developed at a later date, the bill is unclear whether or not a subsequent project to extend that system to the neighborhood would be subject to the conditions of the bill.

CON: Although we are in support of prevailing wages, this bill would affect dozens of programs that provide some kind of incentive in order to encourage economic development. For example, the Legislature recently enacted a property tax exemption for multi-family housing. These projects would be required to pay prevailing wages under this bill. Other projects that would be affected include those that occur on leased public land when there is no other public consideration, except having a lease at fair market value. In addition, L&I is currently struggling to meet the existing requirements of this program and this bill will compound that issue, particularly without additional resources.

Persons Testifying: PRO: Dick Little, City of Bellingham.

CON: Jim Justin, Association of Washington Cities; Rick Slunaker, Associated General Contractors.