

SENATE BILL REPORT

SB 6327

As Reported by Senate Committee On:
Financial Institutions, Housing & Insurance, February 3, 2010

Title: An act relating to the exemption of housing authorities from laws governing the construction, alteration, repair, or improvement of property by other public bodies.

Brief Description: Exempting housing authorities from laws governing the construction, alteration, repair, or improvement of property by other public bodies.

Sponsors: Senators Regala, Tom, Brandland and Pridemore.

Brief History:

Committee Activity: Financial Institutions, Housing & Insurance: 1/26/10, 2/02/10, 2/03/10 [DPS].

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & INSURANCE

Majority Report: That Substitute Senate Bill No. 6327 be substituted therefor, and the substitute bill do pass.

Signed by Senators Berkey, Chair; Hobbs, Vice Chair; Benton, Ranking Minority Member; Franklin, McDermott, Parlette and Schoesler.

Staff: Alison Mendiola (786-7483)

Background: State law authorizes cities and counties to create a local Housing Authority, which is considered a public body for the purpose of addressing housing issues within the community, especially those affecting low income and elderly persons. Specifically, a Housing Authority may be created to address a number of housing issues, including: the existence of unsafe or unsanitary housing conditions; the shortage of affordable, safe, and sanitary housing for low-income persons; and the shortage of appropriate, affordable housing for senior citizens.

The powers granted to a Housing Authority include the power to: enter into contracts, partnerships, and joint ventures; sue and be sued; create, acquire, operate, manage, and/or lease housing projects; invest surplus funds; investigate, study, or examine housing conditions within its jurisdiction; sell property; and participate in the organization or operation of a nonprofit entity whose purpose is to provide housing to low income persons.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The 2005 Legislature created the Capital Projects Advisory Review Board (CPARB) under ESHB 1830 (RCW 39.10) to review alternative public works contracting procedures and provide guidance to state policymakers on ways to further enhance the quality, efficiency, and accountability of public works contracting methods.

Under RCW 39.12, a contractor is required to pay the prevailing wage as determined the Department of Labor and Industries for all public works contracts.

The Davis-Bacon Act of 1931 is a federal law which establishes the requirement for paying prevailing wages on public works projects. All federal government construction contracts, and most contracts for federally assisted construction over \$2,000 must include provisions for paying workers on-site no less than the locally prevailing wage and benefits paid on similar projects, as determined by the federal Department of Labor.

Summary of Bill: The bill as referred to committee not considered.

Summary of Bill (Recommended Substitute): A Housing Authority is subject to CPARB except when alternative requirements or procedures under federal law or regulation require otherwise.

A Housing Authority is subject to state prevailing wage requirements except when specifically preempted by federal law or regulation.

EFFECT OF CHANGES MADE BY FINANCIAL INSTITUTIONS, HOUSING & INSURANCE COMMITTEE (Recommended Substitute As Passed Committee): The intent section is struck and it is further clarified that housing authorities are subject to state prevailing wage unless specifically preempted by federal law or regulation.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony on Proposed Substitute As Heard in Committee:
PRO: It has always been understood that a housing authority's procurement process is regulated by federal law but there is a recent attorney opinion that says otherwise. This would put housing authorities in a position of losing federal funding, which is their primary source of funding.

CON: Concerns about prevailing wage and other building issues are addressed by the proposed substitute. The prevailing wage language could be more specific.

OTHER: Concerned that the bill is broader than prevailing wage.

Persons Testifying: PRO: Michael Mirra, Dan Watson, Association of Washington Housing Authorities.

CON: Pete Crow, International Association of Plumbing and Mechanical Officials; Larry Stevens, Mechanical Contractors and National Electrical Contractors; Cliff Webster, Architects and Engineers Legislative Council.

OTHER: Steve McLain, Department of Labor and Industries; David Johnson, Washington State Building Trades; Stan Bowman, American Institute of Architects Washington Council.