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## Labor & Workforce Development Committee

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### HB 1023

**Brief Description:** Extending apprenticeship utilization requirements.

**Sponsors:** Representatives Moeller, Appleton, Stanford, Hudgins, Ormsby, Pollet and Reykdal.

#### Brief Summary of Bill

- Requires that at least 15 percent of labor hours on subsidized public works contracts above a certain threshold be performed by apprentices.
- Provides that entities qualify for certain construction-related tax incentive programs only if they comply with apprentice utilization requirements.

**Hearing Date:** 1/23/13

**Staff:** Alexa Silver (786-7190).

#### Background:

The Washington State Apprenticeship and Training Council, which is part of the Department of Labor & Industries, establishes apprenticeship program standards, approves apprenticeship training programs, and otherwise governs the programs.

Public works that are estimated to cost \$1 million or more must require that at least 15 percent of the labor hours be performed by apprentices enrolled in approved apprenticeship training programs. This requirement applies to public works contracts awarded by the state, school districts, and four-year institutions of higher education. It does not apply to agencies that are headed by a separately elected official. For public works by the Department of Transportation, the requirement applies only to public works estimated to cost \$2 million or more.

Awarding agencies may adjust the apprentice utilization requirement for specific projects for the following reasons:

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- a demonstrated lack of availability of apprentices in specific geographic areas;
- a disproportionately high ratio of material costs to labor hours;
- a demonstrated good faith effort by participating contractors to comply with the apprentice utilization requirement; or
- other criteria the agency director deems appropriate, subject to review by the Governor's Office.

Contractors may be disqualified from bidding on public works if they have been found out of compliance with certain apprentice utilization requirements. A public work is defined as all work, construction, alteration, repair, or improvement that is executed at the cost of the state or a local public agency.

**Summary of Bill:**

The requirement that at least 15 percent of labor hours be performed by apprentices is applied to subsidized public works contracts that cost \$1 million or more, or \$2 million or more for the Department of Transportation.

A subsidized public work is a project where:

- a party to the contract for the public work received or will receive a specified construction-related tax preference;
- a party to the contract for the public work received or will receive a public loan;
- the work takes place on land that a party to the public work contract leases from the state or a county, municipality, or political subdivision; or
- the work takes place on land that a party to the public work contract purchased from the state or a county, municipality, or political subdivision for less than fair market value, as determined at the time of the sale.

The construction-related sales and use tax incentive programs that require apprentice utilization are those for: (1) construction of warehouses, distribution centers, grain elevators, and cold storage; (2) purchases to construct structures used for retail sales of biofuels; (3) installing and constructing anaerobic digesters; (4) construction and equipment purchases for manufacturing facilities in high unemployment counties; (5) construction and equipment purchases for high technology; (6) construction and equipment purchases for biotechnology and medical device manufacturing; and (7) construction of a corporate headquarters facility in a community empowerment zone. An entity is qualified for one of these tax incentive programs only if it complies with the apprentice utilization requirement.

**Appropriation:** None.

**Fiscal Note:** Requested on 1/17/13.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.