

HOUSE BILL REPORT

HB 2527

As Passed House:
February 17, 2014

Title: An act relating to establishing the prevailing rate of wage based on collective bargaining agreements or other methods if collective bargaining agreements are not available.

Brief Description: Establishing the prevailing rate of wage based on collective bargaining agreements or other methods if collective bargaining agreements are not available.

Sponsors: Representatives Ormsby, Appleton, Moscoso, Sells, Stanford, Bergquist, Reykdal, S. Hunt, Roberts, Cody, Fey, Freeman, Riccelli and Pollet.

Brief History:

Committee Activity:

Labor & Workforce Development: 1/28/14, 1/31/14 [DP].

Floor Activity:

Passed House: 2/17/14, 59-37.

Brief Summary of Bill

- Requires the prevailing wage rate to be established by adopting the hourly wage, usual benefits, and overtime pay established in collective bargaining agreements for trades and occupations that have collective bargaining agreements.

HOUSE COMMITTEE ON LABOR & WORKFORCE DEVELOPMENT

Majority Report: Do pass. Signed by 5 members: Representatives Sells, Chair; Reykdal, Vice Chair; Green, Moeller and Ormsby.

Minority Report: Do not pass. Signed by 4 members: Representatives Manweller, Ranking Minority Member; Condotta, Assistant Ranking Minority Member; Christian and G. Hunt.

Staff: Trudes Tango (786-7384).

Background:

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.

State law requires that prevailing wages be paid to laborers, workers, and mechanics on all public works and under all public building service maintenance contracts. Public work means all work, construction, alteration, repair, or improvement other than ordinary maintenance that is executed at the cost of the state or any municipality.

The prevailing wage is the hourly wage, usual benefits, and overtime paid in the largest city in each county, to the majority of workers, laborers, or mechanics in the same trade or occupation. The Department of Labor and Industries (Department) establishes the prevailing wage for each trade and occupation by conducting wage surveys of employers, contractors, and labor unions. If the majority of workers in a trade or occupation in the largest city of a county are paid at the same wage rate for the same work, that wage becomes the prevailing wage for that work. If no single wage rate is paid to a majority of workers in the same trade or occupation in the largest city in a county, an average wage is calculated and established as the prevailing wage.

When the rate calculated in the survey process matches the rate of a collective bargaining agreement during the survey period, the prevailing wage rate will be derived from the collective bargaining agreement. A prevailing wage based on a collective bargaining agreement may be adjusted based on changes to the collective bargaining agreement.

Alternative methods of establishing the prevailing wage rate may be used only under limited circumstances, such as when a survey is not immediately feasible in a new trade or occupation.

Summary of Bill:

The prevailing rate of wage must be established by adopting the hourly wage, usual benefits, and overtime pay established in collective bargaining agreements for those trades and occupations that have collective bargaining agreements. If there are no collective bargaining agreements, the prevailing wage must be established using wage and hour surveys. If wage and hour surveys are not feasible, the Department may employ other appropriate methods to establish the prevailing wage rate.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) This bill is a simple solution to the issue of how to establish the prevailing wage rate. This is one of the ideas that came out of the cost driver study of transportation projects. Nine other states use this methodology. Collective bargaining agreements are made between the employer and workforce; therefore, it is a true reflection of the value of the labor. The wages set in collective bargaining agreements are not set by the employer and they are not set by the union. The wages are set by both parties. A collective bargaining agreement wage

rate is evidence of what wage is acceptable in that area. This bill will refine the agency process.

(Opposed) The bill cuts out a large segment of the construction community's view of what is a fair market wage. Although union members are involved in the collective bargaining process, it is not accurate to say that the agreed upon rate is the prevailing wage in that area. If the goal is to simplify the process, the federal law could be used. The wording of the bill is ambiguous as to whether the Department will look at just one number as the prevailing wage or individual components with hourly wage, usual benefits, and overtime pay being subsets of the prevailing wage rate. The prevailing wage system goes beyond its original intent when first enacted.

Persons Testifying: (In support) Representative Ormsby, prime sponsor; David Myers, Washington State Building and Construction Trades Council; Chris McClain, Ironworkers Local 86; Josh Swanson, International Union of Operating Engineers; Terry Tilton, Northwest Carpenters; Larry Stevens, National Electrical Contractors Association; and Larry Boyd, Teamsters Local 174.

(Opposed) Van Collins, Associated General Contractors.

Persons Signed In To Testify But Not Testifying: None.