

SENATE BILL REPORT

SHB 1254

As of February 26, 2014

Title: An act relating to prevailing wage filings.

Brief Description: Prevailing wage filings.

Sponsors: House Committee on Labor & Workforce Development (originally sponsored by Representatives Manweller and Condotta).

Brief History: Passed House: 1/24/14, 96-0.

Committee Activity: Commerce & Labor: 2/19/14.

SENATE COMMITTEE ON COMMERCE & LABOR

Staff: Mac Nicholson (786-7445)

Background: Employers on public works projects must pay prevailing wages. The prevailing wage is the hourly wage, usual benefits, and overtime paid to the majority of workers in the same trade or occupation in the largest city of the county where the work is being performed. The prevailing wage is determined by the industrial statistician at the Department of Labor and Industries (L&I). Prevailing wage requirements apply to all public works and public building service maintenance contracts of the state or any county, municipality, or political subdivision. To determine the prevailing wages, L&I conducts wage surveys where employers, contractors, and labor unions are asked to submit wage and hour data. L&I develops the wage survey mailing list using industrial insurance, intent and affidavit filing, and licensing data.

Workers regularly employed by the state or any political subdivision are statutorily exempt from the prevailing wage requirements. Additionally, by rule the prevailing wage requirements do not apply to sole owners and their spouses; any partner who owns at least 30 percent of a partnership; or the president, vice president, and treasurer of a corporation if each one owns at least 30 percent of the corporation.

Contractors and subcontractors on a public works project must submit a statement of intent to pay prevailing wages (Intent) after the contract is awarded but before work begins. After all of the work is complete, contractors and subcontractors must submit an affidavit of wages paid (Affidavit), which lists all subcontractors hired, the number of workers the employer used from each trade, and the total amount paid for the work. The forms are filed with L&I

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and, when certified by the industrial statistician, are submitted by the contractor to the agency administering the contract. There is a statutorily required filing fee of \$40 for both the Intent and Affidavit.

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

Summary of Bill (Proposed Amendment): L&I cannot charge a filing fee for an Affidavit filed by an individual or entity who is exempt from the requirement to pay prevailing wages.

L&I must keep track of the number of wage surveys sent out, and the number of responses received for each of the following categories:

- individual contractors;
- employers that directly employ and supervise workers in building service maintenance, shipbuilding or repair, manufacture of nonstandard items for public works projects, and production and delivery of gravel, concrete, and similar materials;
- labor unions submitting data on behalf of contractors and employers who are signatory to collective bargaining agreements covering the surveyed trade or occupation; and
- interested parties providing data from certified payroll records or from hours reported on Affidavits.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on February 18, 2014.

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: The bill simply holds people harmless if they are not covered by prevailing wage. The fee on recurring contracts can add up to thousands of dollars. The bill is a fair compromise. The Legislature needs data regarding the prevailing wage survey in order to do good analysis.

CON: This bill undercuts funding for L&I's prevailing wage administration. The bill would require L&I to collect new data at the same time funding is being cut. The striking amendment creates an additional burden on L&I.

OTHER: L&I advises slight administrative tweaks on the substitute bill to clarify language.

Persons Testifying: PRO: Representative Manweller, prime sponsor.

CON: Joe Kendo, WA State Labor Council, AFL-CIO; Neil Hartman, WA Building & Construction Trades Council.

OTHER: Liz Smith, L&I.