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## Labor Committee

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### HB 1038

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

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

#### Brief Summary of Bill

- Requires that at least 15 percent of labor hours on subsidized public works projects estimated to cost \$5 million or more 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:** 1/13/15

**Staff:** Trudes Tango (786-7384).

#### Background:

The Washington State Apprenticeship and Training Council, which is part of the Department of Labor and 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:

- a demonstrated lack of availability of apprentices in specific geographic areas;
- a disproportionately high ratio of material costs to labor hours;

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- 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 Office of the Governor.

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 means 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 projects that are estimated to cost \$5 million or more.

A subsidized public work is a project where:

- one or more parties to the contract received or will receive a specified construction-related tax preference for the project; or
- one or more parties to the contract for the project received or will receive a loan for the project from the state or any county, municipality, or political subdivision.

Subsidized public work does not include:

- work financed by a loan provided by a housing authority; or
- affordable housing projects that receive financing from the Housing Finance Commission and are not subject to federal prevailing wage requirements.

The construction-related 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.

Upon request from a party to a contract for subsidized public work, the Apprenticeship Council must provide written certification of the party's compliance with the utilization requirement.

**Appropriation:** None.

**Fiscal Note:** Requested on January 09, 2015.

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