

HOUSE BILL REPORT

HB 2803

As Reported by House Committee On: Labor & Workplace Standards

Title: An act relating to improving compliance with prevailing wage procedures.

Brief Description: Improving compliance with prevailing wage procedures.

Sponsors: Representatives Ormsby, Sells, Reykdal, McBride and Kilduff.

Brief History:

Committee Activity:

Labor & Workplace Standards: 1/28/16, 2/1/16 [DP].

Brief Summary of Bill

- Creates a civil penalty of \$500 for a contractor or subcontractor's failure to post a statement of intent to pay prevailing wages.
- Provides that a violation of the posting requirement is a strike for purposes of prevailing wage debarment.

HOUSE COMMITTEE ON LABOR & WORKPLACE STANDARDS

Majority Report: Do pass. Signed by 4 members: Representatives Sells, Chair; Gregerson, Vice Chair; Moeller and Ormsby.

Minority Report: Do not pass. Signed by 2 members: Representatives Manweller, Ranking Minority Member; McCabe.

Staff: Joan Elgee (786-7106) and Kelly Holler (786-7290).

Background:

Prevailing Rate of Wage.

State law requires that contractors pay prevailing wages to laborers, workers, and mechanics employed on all public works contracts and public building service maintenance contracts. The prevailing wage is the hourly wage, usual benefits, and overtime paid in the largest city

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in each county to the majority of individuals in the same trade or occupation. The prevailing wage for each county and occupation is established by the industrial statistician for the Department of Labor and Industries (L&I).

Workers who believe their rights to prevailing wages have been violated may file a complaint with L&I, which then investigates and renders a decision.

Statement of Intent to Pay Prevailing Wages and Other Mandatory Filings.

Each contractor and subcontractor on a public works project must file with L&I a statement of intent to pay prevailing wages after a project is accepted but before work begins. In addition, when work is complete but before final acceptance by the awarding agency, the contractor must file an affidavit of wages paid.

Contractors for public works or public building service maintenance contracts in excess of \$10,000 are required to post a statement of intent to pay prevailing wages at the job site. The posted statement must include the address and telephone number of the industrial statistician of L&I, where a complaint or inquiry concerning prevailing wages may be made. In addition, the posting must list the labor classifications and wages used on the project.

Civil Penalties for Failure to Comply With Certain Prevailing Wage Laws.

Contractors or subcontractors on a public works contract are subject to a civil penalty of \$500 for each reporting and filing violation. For example, a civil penalty may be imposed for submitting false information or failing to file a statement of intent to pay prevailing wages or affidavit of wages paid. However, the civil penalty does not apply to inadvertent filing or reporting errors. The fined contractor or subcontractor may not bid on any public works contract until the penalty is paid. If a contractor or subcontractor is found to have committed a second violation of the filing or reporting requirements, the contractor or subcontractor is debarred, meaning not allowed to bid on any public works contract, for one year.

No civil penalty applies to violations of posting requirements for the statement of intent to pay prevailing wages.

Summary of Bill:

A civil penalty of \$500 is established for a contractor or subcontractor's failure to post a statement of intent to pay prevailing wages. To be eligible to bid on any future public works contract, the fined contractor or subcontractor must first pay the fine. In addition, a violation of the posting requirement is a strike for the purposes of prevailing wage debarment. Thus, contractors fined for two filing, reporting, and/or posting violations in a five-year period will be debarred for one year.

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) Employers must post the statement of intent to pay prevailing wages in an accessible place at job sites or another approved location. The posting requirement is an educational tool to help workers understand the rate of pay to which they are entitled and who to contact if the correct wages are not paid. It is a more efficient use of time and taxpayer money to prevent prevailing wage law violations than to go back years later and recover wages owed. This simple bill provides one more way to reinforce obligations under the law and prevent violations from occurring.

(Opposed) None.

Persons Testifying: Representative Ormsby, prime sponsor; Josh Swanson, International Union of Operating Engineers, Local 302; and Billy Wallace, Washington and Northern Idaho District Council Laborers Union.

Persons Signed In To Testify But Not Testifying: None.