

SENATE BILL REPORT

SB 5775

As Reported by Senate Committee On:
Commerce & Labor, February 18, 2015

Title: An act relating to improving the accuracy of the prevailing rate of wage.

Brief Description: Improving the accuracy of the prevailing rate of wage.

Sponsors: Senators Braun and Baumgartner.

Brief History:

Committee Activity: Commerce & Labor: 2/16/15, 2/18/15 [DPS-WM, DNP].

SENATE COMMITTEE ON COMMERCE & LABOR

Majority Report: That Substitute Senate Bill No. 5775 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Baumgartner, Chair; Braun, Vice Chair; King and Warnick.

Minority Report: Do not pass.

Signed by Senators Hasegawa, Ranking Minority Member; Conway and Keiser.

Staff: Susan Jones (786-7404)

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. If the majority of workers in a trade or occupation in the largest city of the county are paid the same wage, that wage becomes the prevailing wage. If no single wage rate is paid to a majority of workers, an average wage is calculated and becomes the prevailing wage.

Prevailing wage rates are established by the industrial statistician at the Department of Labor and Industries (L&I) for each trade and occupation employed in the performance of public work. 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 lists using industrial insurance, intent and affidavit filings, and licensing data.

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.

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

Summary of Bill (Recommended Substitute): L&I must use a stratified random sampling methodology when establishing the prevailing wage rate. To conduct a stratified random sampling, L&I must:

- identify the contractors, employers, and unions eligible to receive wage surveys in specific trades or occupations; and
- send wage surveys to 30 percent of the eligible recipients in each trade or occupation as selected by a random method.

The prevailing wage for a specific trade or occupation may be established using the stratified random sampling methodology when L&I has received responses from 25 percent of the recipients in the trade or occupation.

A recipient of a wage survey must respond within 90 days. Failure to respond in 90 days results in a phone call from L&I, which triggers an additional 30-day response period. If the recipient still does not respond, L&I calls again and notifies the recipient that it must respond to the survey.

EFFECT OF CHANGES MADE BY COMMERCE & LABOR COMMITTEE (Recommended Substitute): Removes the \$500 civil penalty for survey recipients who fail to respond to L&I's survey requests.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Original Bill: PRO: Determining the prevailing wage accurately is important.

CON: L&I is already collecting this information. Rulemaking is coming and this bill is premature. The stratified random sampling methodology limits the survey pool. The sampling is too small.

OTHER: The \$500 penalty was a concern – now not in the proposed substitute. Another fine for a paperwork violation is a concern. The specific method would have L&I sending a small number of surveys. L&I would hope to get a response from every county but there is a concern about getting enough data to determine a valid and accurate rate.

Persons Testifying: PRO: Senator Braun, prime sponsor.

CON: Josh Swanson, International Union of the Operating Engineers; Larry Stevens, National Electrical Contractors Assn, Mechanical Contractors Assn.

OTHER: Elizabeth Smith, L&I.