

SENATE BILL REPORT

SB 5952

As of February 17, 2015

Title: An act relating to creating an exemption from the intents and affidavits requirements when paying prevailing wages.

Brief Description: Creating an exemption from the intents and affidavits requirements when paying prevailing wages.

Sponsors: Senators Braun and Baumgartner.

Brief History:

Committee Activity: Commerce & Labor: 2/16/15.

SENATE COMMITTEE ON COMMERCE & LABOR

Staff: Richard Rodger (786-7461)

Background: State law requires that prevailing wages be paid to laborers, workers, and mechanics employed upon 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. If there is not a majority in the same trade or occupation paid at the same rate, then an average wage is calculated and established as the prevailing wage.

Contractors and subcontractors on public works projects must submit to the awarding agency a statement of intent to pay prevailing wages, after the contract is awarded but before work begins. Once the project is complete and before final acceptance by the awarding agency, the contractor and subcontractors must submit an affidavit of wages paid. The awarding agency must withhold final disbursement of any retained funds until affidavits are submitted.

Intents and affidavits must be approved by the industrial statistician at the Department of Labor and Industries (L&I) before they are submitted to the awarding agency. With a few exceptions, filing the intent and the affidavit requires a \$40 filing fee each.

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.

For projects of \$2,500 or less, the awarding agency may choose to use an alternative intent and affidavit procedure, which allows a contractor to combine the intent and affidavit form and allows the awarding agency to disburse payment before the form is submitted to L&I. It is the awarding agency's choice whether to use this alternative process.

Summary of Bill: Starting on the effective date of the bill, the requirement to submit intents and affidavits does not apply to contractors and subcontractors whose contract amounts are less than \$750. That threshold contract amount must be adjusted for inflation every year, starting on January 1, 2017, by L&I, using the consumer price index for urban wage earners and clerical workers.

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: PRO: We support the concept in this bill. Material suppliers generally have a very small part of these projects. Many times we will deliver 3 to 4 yards of concrete to a project on multiple occasions and we have to pay the filing fees for each delivery. Often times the filing fees for our intents and affidavits exceed the cost of our deliveries.

CON: Exceptions to the intents and affidavit filings don't allow for compliance checks on this part of the projects. The bill doesn't have protections to cover when a project starts out as under \$750 but gets expanded well beyond that limit and it doesn't have the protections against subdividing contracts into smaller lots. There are no penalty provisions in the bill and it has an unknown fiscal impact.

Persons Testifying: PRO: Bruce Chattin, WA Aggregates & Concrete Assn.

CON: Josh Swanson, International Union of the Operating Engineers; Lee Newgent, WA Building Trades.