

SENATE BILL REPORT

SB 6031

As of February 3, 2016

Title: An act relating to public works contracts awarded or managed by the department of enterprise services.

Brief Description: Creating contractor reporting requirements for public works contracts awarded or managed by the department of enterprise services.

Sponsors: Senator Chase.

Brief History:

Committee Activity: Government Operations & Security: 2/01/16.

SENATE COMMITTEE ON GOVERNMENT OPERATIONS & SECURITY

Staff: Alex Kearns (786-7416)

Background: Prevailing Wage for Public Works. Public works projects are all projects executed at the cost of the state or local municipality, such as construction, repairs, and improvements. All public works contracts must comply with the prevailing rate of wage, as set by the Department of Labor and Industries, which reflects the rate of hourly wage, benefits, and overtime paid to the majority of workers in the largest city of the county where the contract work is being performed. Each contract must additionally specify the minimum hourly wage to be paid to each type of worker employed in the performance of the contract. Each contractor and subcontractor working on a public works project must submit a statement of intent to pay the prevailing wage before receiving any payment on behalf of the state or municipality. Each contractor who accepts a public works contract must also keep an accurate payroll record, beginning on the date the contractor accepts the contract and lasting for three years. This record must include the contractor's rate, benefits, and overtime hours as well as the actual rate of wages paid to each worker employed by the contractor to work on the public works project. Upon request, a contractor must file a certified copy of the payroll records with the agency that awarded the public works contract.

Apprenticeship. Apprentices are all workers enrolled in state-approved apprenticeship training programs. All public works projects estimated at a cost of \$1 million or more are required to have at least 15 percent of labor hours performed by apprentices, with limited exceptions. Contractors report their apprentice labor hours to agencies either monthly or with the final project invoice, depending on the type of project. The Department of

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Enterprise Services (DES) is required to collect data from affected agencies for each public works project requiring apprenticeship hours, including data on the dollar value of the project, the number of apprentices working on the project, and the number of apprentice labor hours.

Summary of Bill: All public works contracts awarded or managed by DES must include a provision that requires contractors and subcontractors to submit certified payroll information and apprentice utilization information to DES at least twice each month. Payroll records may be submitted electronically to either DES or the public agency managing the project, and the recipient must provide the payroll records to the Department of Labor and Industries upon request. This section will apply retroactively to contracts advertised for bid on or after January 1, 2016.

Appropriation: None.

Fiscal Note: Requested on January 29, 2016.

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 government has dropped the ball over the last few years because it has not required the amount of reporting needed to adequately manage projects so that they are consistent with state law. Currently if a contractor is not in compliance it can take up to two years to gather all the necessary information showing the lack of compliance. However, there is new software that connects to the payroll system and prints out payroll checks and compliance reports at the same time. This takes the burden off of contractors and gives everyone a tool for efficient management.

CON: Contractors pay employees weekly but manage the fringes every month. This is a major administrative battle that is already difficult to accomplish each month. Contractors who are trying to do construction work don't want to see their administrative work double. Contractors are already using software programs, not paper and pencil, but the administrative burden is still large. There are good contractors who won't bid prevailing wage jobs simply because of the hassle of all the things they are required to keep track of.

Persons Testifying: PRO: Senator Chase, Prime Sponsor.

CON: Larry Stevens, Mechanical Contractors Assn, Nat Electrical Assn.

Persons Signed In To Testify But Not Testifying: No one.