

HOUSE BILL REPORT

HB 1674

As Passed House:
March 1, 2017

Title: An act relating to establishing the prevailing rate of wage based on collective bargaining agreements or other methods if collective bargaining agreements are not available.

Brief Description: Establishing the prevailing rate of wage based on collective bargaining agreements or other methods if collective bargaining agreements are not available.

Sponsors: Representatives Ormsby, Sells, Gregerson, Doglio, Frame, Macri, Goodman, Stonier, McBride, Peterson, Cody, Ortiz-Self, Tarleton and Pollet.

Brief History:

Committee Activity:

Labor & Workplace Standards: 2/2/17, 2/13/17 [DP].

Floor Activity:

Passed House: 3/1/17, 50-48.

Brief Summary of Bill

- Requires the Department of Labor and Industries to establish the prevailing rate of wage using collective bargaining agreements.

HOUSE COMMITTEE ON LABOR & WORKPLACE STANDARDS

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

Minority Report: Do not pass. Signed by 3 members: Representatives Manweller, Ranking Minority Member; McCabe, Assistant Ranking Minority Member; Pike.

Staff: Joan Elgee (786-7106).

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.

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.

"Public works" 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.

To establish the prevailing wage for the various trades and occupations, the industrial statistician of the Department of Labor and Industries (Department) conducts wage surveys. Surveys are sent to businesses that employ workers within the trade or occupation being surveyed and labor unions representing workers in those trades and occupations. Other interested parties may also submit survey forms.

When the rate calculated in the survey process matches the rate of a collective bargaining agreement during the survey period, the prevailing wage rate is derived from the collective bargaining agreement. A prevailing wage based on a collective bargaining agreement is adjusted based on changes to the collective bargaining agreement. Alternative methods of establishing the rate may be used under limited circumstances, such as when a survey is not immediately feasible in a new trade or occupation.

Summary of Bill:

The prevailing rate of wage must be established by adopting the hourly wage, usual benefits, and overtime pay established in collective bargaining agreements for those trades and occupations that have collective bargaining agreements. For those trades that do not have collective bargaining agreements, the prevailing rate of wage must be established by wage and hour surveys. If surveys are not feasible, the industrial statistician may use other appropriate methods.

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) Collective bargaining agreements are a free market determination of what an appropriate wage should be. The wages are negotiated. It will save time and money to default to the agreements. The bill solves issues with the costly and complicated survey system in place. A Joint Transportation Committee study identified using the agreements as a cost-saving efficiency measure. Nine other states use this system. Public projects need to last.

(Opposed) Using collective bargaining agreements does not fit with the concept of prevailing, which is something like average.

(Other) There are some implementation issues in that there could be more than one collective bargaining agreement. The bill might exacerbate prevailing wages in a small locale being driven by wages in a larger county.

Persons Testifying: (In support) Representative Ormsby, prime sponsor; and Neil Hartman, Washington State Building and Construction Trades Council.

(Opposed) Jerry Vanderwood, Association of General Contractors.

(Other) Eric Johnson, Washington Public Ports Association.

Persons Signed In To Testify But Not Testifying: None.