

HOUSE BILL REPORT

HB 2742

As Reported by House Committee On: Labor & Workplace Standards

Title: An act relating to establishing maritime Puget Sound regional prevailing wages.

Brief Description: Establishing maritime Puget Sound regional prevailing wages.

Sponsors: Representatives Doglio, Tarleton, Fey, Appleton, Bergquist and Tharinger.

Brief History:

Committee Activity:

Labor & Workplace Standards: 1/22/18, 1/30/18 [DPS].

Brief Summary of Substitute Bill

- Requires the Department of Labor and Industries to collect data from 12 Puget Sound counties and report back to the Legislature by December 1, 2018, regarding what a maritime Puget Sound regional prevailing wage rate would be for shipbuilding and ship repair.

HOUSE COMMITTEE ON LABOR & WORKPLACE STANDARDS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 5 members: Representatives Sells, Chair; Gregerson, Vice Chair; McCabe, Ranking Minority Member; Doglio and Frame.

Minority Report: Do not pass. Signed by 1 member: Representative Pike, Assistant Ranking Minority Member.

Minority Report: Without recommendation. Signed by 1 member: Representative Manweller.

Staff: Trudes Tango (786-7384).

Background:

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.

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.

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. All data collected by the Department may be used only in the county for which the work was performed.

The Department is currently surveying the shipbuilding and ship repair trade. Surveys were sent in December 2017 and surveys must be submitted back to the Department no later than March 2, 2018.

The Department's working definition of shipbuilding and ship repair is the building and repairing of steel vessels, such as ferries, barges or other similar vessels. Work may be performed in a shipyard, shop or dry-dock. Subclassifications of the trade include boilermaker, sheet metal worker, carpenter, painter, machinist, pipefitter, laborer, electrician, crane operator, powerhouse, and truck driver.

Summary of Substitute Bill:

For the purposes of determining whether a maritime Puget Sound regional prevailing wage rate should be established for shipbuilding and ship repair, the Department must collect data from Clallam, Jefferson, Kitsap, Mason, Thurston, Pierce, King, Snohomish, Skagit, Whatcom, Island, and San Juan counties.

The Department must calculate the data as follows:

- If the majority of hours reported is paid at the same wage rate, then that rate would be the prevailing wage rate.
- If the same wage rate is not reported to have been paid for the majority of hours, then the average wage rate would be the prevailing wage rate based on a weighted average of the hours, wages, and benefits.

The Department must report what the regional prevailing wage rate would be to the appropriate committees of the Legislature by December 1, 2018.

Substitute Bill Compared to Original Bill:

The original bill required the Department to establish a maritime regional wage rate and required the Department to conduct surveys for the trade of shipbuilding and ship repair every two years.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) Prevailing wages take into account the local wage standards, which works well for stationary projects like roads or buildings. But in maritime work, vessels can be moved and built in one county and put into service in another county. This bill will ensure that prevailing wages set for counties in the Puget Sound area will be fair. This bill fosters competitive bidding based on productivity and efficiency, not competitive bids based on substandard wages. There is large disparity of prevailing wage rates between northern counties and southern counties. This bill levels the playing field. The last wage survey was performed 21 years ago and a new survey is being conducted.

(Opposed) None.

Persons Testifying: Representative Doglio, prime sponsor; Nathe Lawver, Laborers Local 252; Gordon Baxter, Puget Sound Metal Trades; Anne Fitelson, Lake Union Drydock Company; Ross Hendrick, Vigor Shipyard; and Doug Dixon, Pacific Fishermen Shipyard.

Persons Signed In To Testify But Not Testifying: None.