

HOUSE BILL REPORT

SSB 5493

As Passed House:
February 28, 2018

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: Senate Committee on Labor & Commerce (originally sponsored by Senators Conway, Hasegawa, Keiser, Miloscia, Hobbs, Takko, Wellman, Chase, Darneille, Hunt and Saldaña).

Brief History:

Committee Activity:

Labor & Workplace Standards: 2/19/18, 2/22/18 [DP].

Floor Activity:

Passed House: 2/28/18, 70-28.

Brief Summary of Substitute 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 McCabe, Ranking Minority Member; Pike, Assistant Ranking Minority Member; Manweller.

Staff: Joan Elgee (786-7106).

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 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 considered to be derived from the collective bargaining agreement. A prevailing wage derived from 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 trades and occupations with more than one collective bargaining agreement, the higher rate controls.

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) A transportation cost-driver study determined the policy in this bill would save money. Eight other states use wages from collective bargaining agreements. Using these wages will reflect the true long-term costs of a project and establish a steady reliable wage rate that will provide consistency. The collectively bargained wage is a negotiated wage and best represents area standard wages. Wage surveys would be removed, which are only as

accurate as the information provided to the Department. The prevailing wage system is broken and encourages concrete producers to underpay. Larger producers truck in concrete from out of county. The bill will allow King County producers to compete fairly.

(Opposed) The main concern is cost, which the fiscal note indicates cannot be determined and may be 1 percent. A better sense of the cost is needed.

Persons Testifying: (In support) Senator Conway, prime sponsor; Scott Middleton, Mechanical Contractors Association of Western Washington; Neil Hartman, Washington State Building and Construction Trades Council; and Michael Walker, Teamsters Local 174.

(Opposed) Dave Arbaugh, Chelan Public Utilities District.

Persons Signed In To Testify But Not Testifying: