

HOUSE BILL REPORT

HB 1099

As Reported by House Committee On:
Labor & Workplace Standards

Title: An act relating to requiring wages for laborers, workers, and mechanics in public works contracts to be at least the prevailing rate of wage in effect at the time the work is performed.

Brief Description: Requiring certain wages in public works contracts to be at least the prevailing wage in effect when the work is performed.

Sponsors: Representatives Berry, Ormsby, Goodman, Bateman, Reed, Pollet, Doglio, Simmons, Bronoske, Gregerson, Kloba, Santos, Riccelli and Fosse.

Brief History:

Committee Activity:

Labor & Workplace Standards: 1/11/23, 1/20/23 [DP].

Brief Summary of Bill

- Requires public works contracts to specify that wages paid to workers will not be less than the latest prevailing wage rate in effect at the time the work is performed.

HOUSE COMMITTEE ON LABOR & WORKPLACE STANDARDS

Majority Report: Do pass. Signed by 6 members: Representatives Berry, Chair; Fosse, Vice Chair; Bronoske, Doglio, Ormsby and Ortiz-Self.

Minority Report: Do not pass. Signed by 3 members: Representatives Robertson, Ranking Minority Member; Schmidt, Assistant Ranking Minority Member; Connors.

Staff: Trudes Tango (786-7384).

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Background:

Public works contracts for construction, reconstruction, maintenance, or repair must state the hourly minimum wage rate to be paid to laborers, workers, or mechanics. Employers must pay laborers, workers, and mechanics on public works contracts and public building service maintenance contracts at least the prevailing wage rate. Public work is all work, construction, alteration, repair, or improvement other than ordinary maintenance, that is done at the cost of the state or any municipality.

The prevailing rate of wage is the hourly wage, usual benefits, and overtime paid to the majority of workers in the same trade or occupation in the largest city in the county where the work is performed. The Department of Labor and Industries (Department) establishes prevailing wage rates based on collective bargaining agreements for a trade or occupation. For a trade or occupation with more than one agreement in a county, the Department will adopt the higher rate. For trades and occupations for which there are no collective bargaining agreements in a county, the Department will conduct wage surveys.

Contractors on public works projects must submit a "Statement of Intent to Pay Prevailing Wages" to the awarding agency before the agency makes any payment. The statement of intent must include the prevailing wage rate for each classification of workers entitled to prevailing wages and an estimate of the number of workers in each classification. Once the project is completed, and before final acceptance by the awarding agency, contractors must submit an "Affidavit of Wages Paid." Except for small public works projects of \$2,500 or less, all intents and affidavits must be approved by the industrial statistician at the Department before they are submitted to the awarding agency.

The prevailing wage rate for workers is determined at the time of the prime contractor's bid due date, or the date the contract is awarded if the contract is not awarded within six months of the bid due date. The prevailing wage rate determined at that time remains the same for the life of the project.

The Department publishes prevailing wage rates the first business day in August and February and any updated rates take effect 30 days after publication.

Summary of Bill:

Beginning July 1, 2024, contracts for the construction, reconstruction, maintenance, or repair of any public work must stipulate that the hourly minimum wage rate for laborers, workers, and mechanics must be adjusted to provide that the wage is not less than the latest prevailing wage rate in effect at the time the work is performed.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect on July 1, 2024.

Staff Summary of Public Testimony:

(In support) Paying prevailing wages is critical to ensure economic justice for workers. Wages should be adjusted over the course of the project to reflect inflation and market conditions. Under current law, wages are frozen in time, which makes a difference on projects that last for years. Workers will leave a job in the middle of a project if they can get higher wages on some other project. Paying prevailing wages stabilizes the entire construction industry, which is good for contractors, agencies, and owners. It is possible to predict estimated wage increases. Paying wages at the current market rate will encourage people to enter the trades and apprenticeships.

(Opposed) The current law does not freeze wages, rather it freezes the prevailing wage. Contractors can and do pay higher wages than the prevailing wage and they will pay what is needed to get the project done. This is an issue being negotiated right now between certain parties and this bill inserts itself in those negotiations. Contractors would have to guess at what their labor costs will be over multi-year projects. It creates uncertainty, especially when the prevailing wage rates are now established by collective bargaining agreements. The bill will require change orders that will cost the public entities. It unnecessarily alters the construction bidding process and will increase the cost of all public works projects. Contractors may artificially inflate their estimates to cover unpredictable costs.

(Other) The prevailing wage rates are based on collective bargaining agreements in the locale and they are adjusted periodically. The Department of Labor and Industries' IT system is only capable of establishing the rate as a single rate for the life of the contract. The Department will need funding to address the IT issues. There is concern about the uncertainty in the bidding process. Some cities are seeing huge increases in bidding due to staff shortages and other issues. This bill might run counter to state law allowing first class cities to use certain contracting. Smaller contractors may have a harder time under this bill. If a contract that is supposed to be short term ends up getting delayed due to nobody's fault, that small contractor could have a hard time moving forward with the project.

Persons Testifying: (In support) Representative Liz Berry, prime sponsor; Mark Riker, Washington State Building & Construction Trades Council; Josh Swanson, Operating Engineers Local 302; Andrew Vander Stoep, International Brotherhood of Electrical Workers 191; and Mark Streuli, Iron Workers District Council of the Pacific Northwest.

(Opposed) Jerry VanderWood, Associated General Contractors; and Sophia Steele, Associated Builders and Contractors.

(Other) Tammy Fellin, Department Labor & Industries; Brandy DeLange, Association of Washington Cities; Axel Swanson, Washington State Association of County Engineers; and Chris Herman, Washington Public Ports Association.

Persons Signed In To Testify But Not Testifying: None.