

CERTIFICATION OF ENROLLMENT

ENGROSSED SUBSTITUTE HOUSE BILL 1050

Chapter 342, Laws of 2023

68th Legislature
2023 Regular Session

PUBLIC WORKS CONTRACTS—APPRENTICESHIP UTILIZATION

EFFECTIVE DATE: July 23, 2023—Except for section 1, which takes effect July 1, 2024.

Passed by the House April 20, 2023
Yeas 57 Nays 38

LAURIE JINKINS

**Speaker of the House of
Representatives**

Passed by the Senate April 20, 2023
Yeas 29 Nays 18

DENNY HECK

President of the Senate

Approved May 9, 2023 10:37 AM

JAY INSLEE

Governor of the State of Washington

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **ENGROSSED SUBSTITUTE HOUSE BILL 1050** as passed by the House of Representatives and the Senate on the dates hereon set forth.

BERNARD DEAN

Chief Clerk

FILED

May 10, 2023

**Secretary of State
State of Washington**

ENGROSSED SUBSTITUTE HOUSE BILL 1050

AS AMENDED BY THE SENATE

Passed Legislature - 2023 Regular Session

State of Washington 68th Legislature 2023 Regular Session

By House Capital Budget (originally sponsored by Representatives Riccelli, Berry, Simmons, Ryu, Goodman, Reed, Ramel, Lekanoff, Pollet, Street, Doglio, Donaghy, Wylie, Santos, Ormsby, and Fosse)

READ FIRST TIME 02/22/23.

1 AN ACT Relating to expanding apprenticeship utilization
2 requirements; amending RCW 39.04.320; creating a new section;
3 providing an effective date; and providing an expiration date. Test 2

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 39.04.320 and 2018 c 244 s 1 are each amended to
6 read as follows:

7 (1)(a)(i) Except as provided in (b) through (d) of this
8 subsection, from January 1, 2005, and thereafter, for all public
9 works estimated to cost (~~one million dollars~~) \$1,000,000 or more,
10 all specifications (~~shall~~) must require that no less than
11 (~~fifteen~~) 15 percent of the labor hours be performed by
12 apprentices.

13 (ii) As of the effective date of this section, for all public
14 works contracts awarded by a municipality estimated to cost
15 \$2,000,000 or more, all specifications must require that no less than
16 15 percent of the labor hours be performed by apprentices. For
17 contracts advertised for bid on or after July 1, 2026, for all public
18 works contracts awarded by a municipality estimated to cost
19 \$1,500,000 or more, all specifications must require that no less than
20 15 percent of the labor hours be performed by apprentices. For
21 contracts advertised for bid on or after July 1, 2028, for all public

1 works contracts awarded by a municipality estimated to cost
2 \$1,000,000 or more, all specifications must require that no less than
3 15 percent of the labor hours be performed by apprentices.

4 ~~(b) ((i) This section does not apply to contracts advertised for~~
5 ~~bid before July 1, 2007, for any public works by the department of~~
6 ~~transportation.~~

7 ~~(ii) For contracts advertised for bid on or after July 1, 2007,~~
8 ~~and before July 1, 2008, for all public works by the department of~~
9 ~~transportation estimated to cost five million dollars or more, all~~
10 ~~specifications shall require that no less than ten percent of the~~
11 ~~labor hours be performed by apprentices.~~

12 ~~(iii) For contracts advertised for bid on or after July 1, 2008,~~
13 ~~and before July 1, 2009, for all public works by the department of~~
14 ~~transportation estimated to cost three million dollars or more, all~~
15 ~~specifications shall require that no less than twelve percent of the~~
16 ~~labor hours be performed by apprentices.~~

17 ~~(iv) For contracts advertised for bid on or after July 1, 2015,~~
18 ~~and before July 1, 2020, for all public works by the department of~~
19 ~~transportation estimated to cost three million dollars or more, all~~
20 ~~specifications shall require that no less than fifteen percent of the~~
21 ~~labor hours be performed by apprentices.~~

22 ~~(v)) For contracts advertised for bid on or after July 1, 2020,~~
23 ~~for all public works by the department of transportation estimated to~~
24 ~~cost ((two million dollars)) \$2,000,000 or more, all specifications~~
25 ~~((shall)) must require that no less than ((fifteen)) 15 percent of~~
26 ~~the labor hours be performed by apprentices.~~

27 ~~(c) ((i) This section does not apply to contracts advertised for~~
28 ~~bid before January 1, 2008, for any public works by a school~~
29 ~~district, or to any project funded in whole or in part by bond issues~~
30 ~~approved before July 1, 2007.~~

31 ~~(ii) For contracts advertised for bid on or after January 1,~~
32 ~~2008, for all public works by a school district estimated to cost~~
33 ~~three million dollars or more, all specifications shall require that~~
34 ~~no less than ten percent of the labor hours be performed by~~
35 ~~apprentices.~~

36 ~~(iii) For contracts advertised for bid on or after January 1,~~
37 ~~2009, for all public works by a school district estimated to cost two~~
38 ~~million dollars or more, all specifications shall require that no~~
39 ~~less than twelve percent of the labor hours be performed by~~
40 ~~apprentices.~~

1 ~~(iv))~~) For contracts advertised for bid on or after January 1,
2 2010, for all public works by a school district estimated to cost
3 ~~((one million dollars))~~ \$1,000,000 or more, all specifications
4 ~~((shall))~~ must require that no less than ~~((fifteen))~~ 15 percent of
5 the labor hours be performed by apprentices.

6 ~~(d) ((i) For contracts advertised for bid on or after January 1,~~
7 ~~2010, for all public works by a four-year institution of higher~~
8 ~~education estimated to cost three million dollars or more, all~~
9 ~~specifications must require that no less than ten percent of the~~
10 ~~labor hours be performed by apprentices.~~

11 ~~(ii) For contracts advertised for bid on or after January 1,~~
12 ~~2011, for all public works by a four-year institution of higher~~
13 ~~education estimated to cost two million dollars or more, all~~
14 ~~specifications must require that no less than twelve percent of the~~
15 ~~labor hours be performed by apprentices.~~

16 ~~(iii))~~) For contracts advertised for bid on or after January 1,
17 2012, for all public works by a four-year institution of higher
18 education estimated to cost ~~((one million dollars))~~ \$1,000,000 or
19 more, all specifications must require that no less than ~~((fifteen))~~
20 15 percent of the labor hours be performed by apprentices.

21 (2) Awarding entities may adjust the requirements of this section
22 for a specific project for the following reasons:

23 (a) The demonstrated lack of availability of apprentices in
24 specific geographic areas;

25 (b) A disproportionately high ratio of material costs to labor
26 hours, which does not make feasible the required minimum levels of
27 apprentice participation;

28 (c) Participating contractors have demonstrated a good faith
29 effort to comply with the requirements of ~~((RCW 39.04.300 and~~
30 ~~39.04.310 and))~~ this section; or

31 (d) Other criteria the awarding entity deems appropriate, which
32 are subject to review by the office of the governor or the
33 municipality's legislative authority if the awarding entity is a
34 municipality.

35 (3) The secretary of the department of transportation shall
36 adjust the requirements of this section for a specific project for
37 the following reasons:

38 (a) The demonstrated lack of availability of apprentices in
39 specific geographic areas; or

1 (b) A disproportionately high ratio of material costs to labor
2 hours, which does not make feasible the required minimum levels of
3 apprentice participation.

4 (4) (a) This section applies to public works contracts awarded by
5 the state, to public works contracts awarded by school districts,
6 (~~and~~) to public works contracts awarded by state four-year
7 institutions of higher education, and to public works contracts
8 awarded by a municipality. However, this section does not apply to
9 contracts awarded by state agencies headed by a separately elected
10 public official or housing authorities as defined in RCW 35.82.020.

11 (b) Within existing resources, awarding agencies and
12 municipalities are responsible for monitoring apprenticeship
13 utilization hours by contractor. There must be a specific line item
14 in the contract specifying that apprenticeship utilization goals
15 should be met, monetary incentives for meeting the goals, monetary
16 penalties for not meeting the goals, and an expected cost value to be
17 included in the bid associated with meeting the goals. The awarding
18 agency and municipality must report the apprenticeship utilization by
19 contractor and subcontractor to the supervisor of apprenticeship at
20 the department of labor and industries by final project acceptance.
21 The electronic reporting system that is being developed by the
22 department of labor and industries may be used for either or both
23 monitoring and reporting apprenticeship utilization hours.

24 (c) In lieu of the monetary penalty and incentive requirements
25 specified in (b) of this subsection, the Washington state department
26 of transportation may use its three strike system for ensuring
27 compliance including the allowance for a good faith effort.

28 (5) (a) The department of (~~enterprise services~~) labor and
29 industries must provide information and technical assistance to
30 affected agencies and municipalities, and collect the following data
31 from affected agencies and municipalities for each project covered by
32 this section:

33 (i) The name of each apprentice and apprentice registration
34 number;

35 (ii) The name of each project;

36 (iii) The dollar value of each project;

37 (iv) The date of the contractor's notice to proceed;

38 (v) The number of apprentices and labor hours worked by them,
39 categorized by trade or craft;

1 (vi) The number of journey level workers and labor hours worked
2 by them, categorized by trade or craft; and

3 (vii) The number, type, and rationale for the exceptions granted
4 under subsection (2) of this section.

5 (b) The department of labor and industries and the municipal
6 research and services center shall provide training, information, and
7 ongoing technical assistance to municipalities in order to comply
8 with apprenticeship utilization requirements. Training must include,
9 but not be limited to, department of labor and industries reporting
10 requirements, contract administration including sample contract
11 language, and best practices on how a municipality's governing
12 authority must adopt apprenticeship guidelines, including procedures,
13 rules, and instructions to ensure compliance relating to a contractor
14 that seeks a good faith waiver of apprenticeship utilization
15 requirements.

16 (c) The department of labor and industries shall (~~assist the~~
17 ~~department of enterprise services in providing~~) provide information
18 and technical assistance with apprenticeship utilization reporting.
19 The department of enterprise services shall make available sample
20 contract language and provide contract administration advice
21 pertaining to apprenticeship requirements.

22 (6) The secretary of transportation shall establish an
23 apprenticeship utilization advisory committee, which (~~shall~~) must
24 include statewide geographic representation and consist of equal
25 numbers of representatives of contractors and labor. The committee
26 must include at least one member representing contractor businesses
27 with less than (~~thirty-five~~) 35 employees. The advisory committee
28 shall meet regularly with the secretary of transportation to discuss
29 implementation of this section by the department of transportation,
30 including development of the process to be used to adjust the
31 requirements of this section for a specific project.

32 (7) At the request of the senate labor, commerce, research and
33 development committee, the house of representatives commerce and
34 labor committee, or their successor committees, and the governor, the
35 department of enterprise services and the department of labor and
36 industries shall compile and summarize the agency and municipality
37 data and provide a joint report to both committees. The report
38 (~~shall~~) must include recommendations on modifications or
39 improvements to the apprentice utilization program and information on
40 skill shortages in each trade or craft.

1 (8) All contracts subject to this section must include
2 specifications that a contractor or subcontractor may not be required
3 to exceed the apprenticeship utilization requirements of this
4 section.

5 (9) This section establishes the minimum apprenticeship
6 utilization requirements on public works contracts awarded by a
7 municipality. Any standards or requirements relating to
8 apprenticeship utilization established by any applicable local law or
9 ordinance that are more favorable to apprentices than the minimum
10 requirements under this section are not affected by this section and
11 those more favorable laws apply and may be enforced as provided by
12 law.

13 NEW SECTION. Sec. 2. (1) It is the intent of the legislature
14 that apprenticeship utilization requirements lead to increased on-
15 the-job training placements for construction apprentices and a
16 growing and diversified pool of labor in Washington. The department
17 of labor and industries must study and report on public works project
18 outcomes related to apprenticeship utilization requirements, access
19 to apprentices, and participation by small, women, minority, and
20 veteran-owned businesses. The study and report must include projects
21 completed between July 1, 2020, and June 30, 2025, as well as
22 projects in progress as of June 30, 2025, for in progress projects
23 that have available data. Municipal projects with a bid due date
24 before July 1, 2024, are not included in the study, except for data
25 provided under (e) of this subsection. At a minimum, the study and
26 report must:

27 (a) Delineate by project size and type of awarding entity,
28 including the department of transportation, school districts, four-
29 year institutions of higher education, and municipalities. Project
30 data identified in (b) of this subsection for municipalities, if any,
31 must be delineated by type of municipality;

32 (b) Include total project cost, total labor costs, the ratio of
33 labor costs to total costs, apprentice hours worked by craft and
34 percent of total hours worked, cost savings or increases from
35 utilizing apprentices, number of projects achieving and not achieving
36 apprentice utilization requirements, number of projects waiving
37 apprentice utilization requirements for good faith efforts or other
38 criteria deemed appropriate by the awarding agency with the reasons
39 for the waivers, and the number and percentages of women, minority,

1 and veteran-owned businesses as prime contractors or subcontractors
2 and whether they utilized apprentices;

3 (c) Include, by craft, the number and service area of
4 construction apprenticeship programs, the number of training agents,
5 and the number of construction apprentices;

6 (d) Identify the number of small, women, minority, and veteran-
7 owned businesses performing work on public works projects as a prime
8 contractor or subcontractor, and utilization of apprentices on those
9 projects, and provide information on how small, women, minority, and
10 veteran-owned businesses may access apprentices on public works
11 projects and examine any barriers to registered apprenticeship and
12 apprentices. The analysis should include project data and
13 consultation with the office of minority and women's business
14 enterprises and women, minority, and veteran-owned businesses;

15 (e) Identify and analyze existing applications of apprenticeship
16 utilization requirements by municipalities and for subcontractors
17 beyond requirements specified in RCW 39.04.320;

18 (f) Include recommendations and best practices for increasing
19 apprenticeship utilization and supporting women, minority, and
20 veteran-owned businesses in accessing apprentices; and

21 (g) Include recommendations and best practices for extending
22 apprenticeship utilization requirements to subcontractors.

23 (2) The report must be submitted to the office of financial
24 management, the senate labor and commerce committee, the house labor
25 and workplace standards committee, the house capital budget
26 committee, the house local government committee, the senate state
27 government and elections committee, and the senate local government,
28 land use, and tribal affairs committee, or their successor
29 committees, no later than December 1, 2025.

30 (3) This section expires December 1, 2026.

31 NEW SECTION. **Sec. 3.** Section 1 of this act takes effect July 1,
32 2024.

Passed by the House April 20, 2023.
Passed by the Senate April 20, 2023.
Approved by the Governor May 9, 2023.
Filed in Office of Secretary of State May 10, 2023.

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