

# SENATE BILL REPORT

## SB 5061

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As of February 24, 2025

**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:** Senators Conway, Saldaña, Riccelli, Lias, Valdez, Chapman, Hasegawa, Nobles, Salomon and Stanford.

**Brief History:**

**Committee Activity:** Labor & Commerce: 1/24/25, 2/21/25 [DPS-TRAN, DNP, w/oRec].  
Transportation: 2/24/25.

**Brief Summary of First Substitute Bill**

- Requires public works contracts to provide for the payment of prevailing wages at the time the work is performed.

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### SENATE COMMITTEE ON LABOR & COMMERCE

**Majority Report:** That Substitute Senate Bill No. 5061 be substituted therefor, and the substitute bill do pass and be referred to Committee on Transportation.

Signed by Senators Saldaña, Chair; Conway, Vice Chair; Alvarado, Ramos and Stanford.

**Minority Report:** Do not pass.

Signed by Senators MacEwen and Schoesler.

**Minority Report:** That it be referred without recommendation.

Signed by Senator King, Ranking Member.

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*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.*

**Staff:** Jarrett Sacks (786-7448)

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## SENATE COMMITTEE ON TRANSPORTATION

**Staff:** Daniel Masterson (786-7454)

**Background:** State law requires 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 executed at the cost of the state or any municipality.

The industrial statistician of the Department of Labor and Industries (L&I) establishes the prevailing wage by adopting the hourly wage, usual benefits, and overtime established in collective bargaining agreements for those trades and occupations that have collective bargaining agreements. L&I publishes prevailing wage rates in August and February, and any updated rates take effect 30 days after publication.

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.

**Summary of Bill (First Substitute):** Public works contracts must stipulate that the hourly minimum rate of wage for laborers, workers, or mechanics must be adjusted to provide that the wage is not less than the latest prevailing rate of wage in effect at the time the work is performed.

### **EFFECT OF CHANGES MADE BY LABOR & COMMERCE COMMITTEE (First Substitute):**

- Removes, with regard to public works contracts requiring the wage rate paid is not less than the prevailing wage at the time the work is performed, language that references adjusting the hourly minimum rate of wage “as necessary.”

**Appropriation:** None.

**Fiscal Note:** Available.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

**Effective Date:** The bill takes effect on July 1, 2026.

**Staff Summary of Public Testimony on Original Bill (Labor & Commerce):** *The*

*committee recommended a different version of the bill than what was heard.* PRO: Prevailing wage is set at the time of the contract, while prices for materials and supplies are adjusted during the course of the project. Prevailing wage should be adjusted similarly. This ensures fair treatment of skilled trades workers. The bill will reduce turnover and cause projects to be finished efficiently. Projects can last three to four years and wages may be frozen during that whole period. California has this type of wage adjustment. Apprentices are leaving programs to get an increase in pay. The bill will increase stability and allow wages to rise with inflation.

CON: The current process for determining prevailing wage creates volatility and uncertainty for contractors. This bill would be less volatile if the Legislature fixed the two collective bargaining agreement issues as well. Contractors need predictability and consistency when bidding. The bill will make it hard for small contractors to bid on projects. Change orders do not fix everything. While prevailing wage gets updated twice a year, it can change more frequently due to corrections. The bill should include the change order language from past bills. Water and sewer districts do not have general tax authority, so prevailing wage increases may be passed to consumers through rate changes.

OTHER: The bill would create a volatile bidding process and make it more difficult for small contractors, where margins are already thin. Small minority-owned businesses do not have the ability to absorb costs. There should be safeguards around change orders.

**Persons Testifying (Labor & Commerce):** PRO: Senator Steve Conway, Prime Sponsor; Minna Long, Washington State Building & Construction Trades Council; Chris Ellis, Bricklayers and Allied Craftworkers, Local 1; John Traynor, Washington State Labor Council, AFL-CIO; Andrea Ornelas; Jesse Cervantes, Western States Regional Council of Carpenters (WSRCC); Timothy O'Donnell, IBEW 76; Pete Butler, south sound NECA chapter; Chris Herman, Washington Public Ports Association.

CON: Carolyn Logue, Associated Builders & Contractors - Inland Pacific Chapter; Scott Hazlegrove, WA Association of Sewer & Water Districts; Jerry VanderWood, Associated General Contractors (AGC); Brandon Houskeeper, Associated Builders & Contractors - Western WA.

OTHER: Paula Sardinas, WBBA.

**Persons Signed In To Testify But Not Testifying (Labor & Commerce):** No one.

**Staff Summary of Public Testimony (Transportation):** PRO: This bill idea is new to me, that the prevailing wage should be adjusted based on L&I's updates which happen a couple of times a year. I think this is happening now due to some contracts including these provisions. Contractors want to keep their skilled laborers. It would be good to have a consistent policy. Freezing pay for this long can result in workers leaving projects, project delays, and impact the quality of the final product. Why is it ok to ask workers to accept less than their peers? We've been working in good faith with stakeholders to make this

easier to implement. We have also initiated rulemaking with L&I to address issues with multiple CBAs in one county. This bill takes critical steps to ensure fair wages and good working conditions.

This bill aligns with my union's core mission to protect and enhance the livelihoods of union members. Without wage adjustments, workers are penalized for delays that are outside of their control. This upholds industry standards and produces a better end product. I'm here to ask for a level playing field. There's no reason why workers on heavy projects should be two years behind other projects in terms of wages. Prevailing wage increases are posted to our website, so they're easy to access and updated quickly. We are supportive of change orders to accommodate this; we don't want contractors to have to accept the risk.

I started off my career in California and this was not an issue that they had. Freezing the wage when the project is bid is a huge issue. What we're seeing is that we're losing workers. They're not only losing on wages, but also on healthcare and retirement contributions that are based on a percentage of wages. Washington State has a strong history of strong labor standards. The current practice is outdated and doesn't account for economic changes during a project. The bill ensures wages reflect real-time economic conditions. This bill ensures fair competition in public works by requiring prevailing wage on all contracts. It eliminates the unfair advantage that nonunion contractors have.

CON: We have concerns about this bill's impact on the development of affordable housing. For affordable housing projects, this can present challenges. Projects can often take years to get fully permitted and financed. It is crucial that this legislation accounts for the unique factors that impact affordable housing. Residential developments face a more unpredictable wage environment than commercial housing. Keeping workforce is very important for our members as well. But bidding public contracts is not easy for our members. They're just trying to get a chance to work on contracts in their communities. Prevailing wage can be hard to predict. We need some way of ensuring that there is predictability and consistency in how these contracts are bid. Could we look at some sort of annual increase or a change order process? These would provide more predictability and consistency. Even with the proposed amendments, we have concerns. We believe the fiscal note underestimates the impacts to WSDOT as wage increases for some disciplines have been very high in recent years. This will be a cost driver on WSDOT projects because contractors will have to guard against higher wages in their bids. The smaller, less capitalized contractors will face challenges with the increases in prevailing wage and will have to eat it.

OTHER: We're identifying impacts of this bill on our procurement process. On its face this seems like a small change to the law, but we'll need make changes to our bid process. Automatic change orders are a big challenge for us, as it pushes all the risk and cost over to our side. We are particularly interested in minimizing the impacts on small dollar projects. We believe we are close on an agreement that will honor the intent of the bill and be workable for all parties involved. We're supportive of the underlying purpose of the legislation. Ports have been actively working with owners, contractors and labor unions to

find solutions to adopt this policy. Change orders are challenging for us, especially when they're mandated. It allows contractors to submit low ball bids and then come back later and ask for labor cost increases. Prevailing wages are a floor, and in many cases, workers are paid more than the floor.

**Persons Testifying (Transportation):** PRO: Senator Steve Conway, Prime Sponsor; Pete Butler, National Electrical Contractors Association; John Traynor, Washington state labor council, AFL-CIO; Tim O'Donnell; Erin Frasier, Washington State Building & Construction Trades Council; Chris Ellis, Bricklayers and Allied Craftworkers L 1 WA/AK; Billy Wallace, Washington & Northern Idaho District Council of Laborers.

CON: Lowell Krueger, Association of WA Housing Authorities; Carolyn Logue, Associated Builders & Contractors Inland Pacific Chapter; Jerry VanderWood, AGC of Washington .

OTHER: Axel Swanson, Washington State Association of County Engineers; Kelsey Hulse, Association of Washington Cities; Chris Herman, Washington Public Ports Association.

**Persons Signed In To Testify But Not Testifying (Transportation):** No one.