HOUSE BILL 1103

State of Washington 67th Legislature 2021 Regular Session

By Representatives Duerr, Shewmake, Fitzgibbon, Bateman, Ramel, Ryu, Kloba, and Macri

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1 AN ACT Relating to improving environmental and social outcomes 2 with the production of building materials; adding a new chapter to 3 Title 39 RCW; and providing an expiration date.

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

<u>NEW SECTION.</u> 5 Sec. 1. The legislature finds and declares that: 6 (1) Washington state, through its extensive purchasing power, can 7 accelerate necessary greenhouse gas reductions, improve human and 8 environmental health, grow economic competitiveness, and promote high 9 labor standards in manufacturing by incorporating climate and other 10 types of pollution impacts and the quality of working conditions into 11 the procurement process.

12 (2) Washington state does not currently spend public dollars for 13 materials on state-funded infrastructure projects in a way that is 14 consistent with the state's carbon reduction goals or its high 15 environmental and labor standards. Meanwhile, the private sector is 16 increasingly demanding building materials that reduce carbon and 17 other types of pollution and support good jobs in manufacturing. For workers 18 spending, manufacturers that exploit state and the 19 environment are treated the same as manufacturers that meet high environmental and labor standards. This treatment puts manufacturers 20 21 that invest in emissions reduction technologies, other pollution controls, and a 21st century workforce at a competitive disadvantage
 for state projects.

3 (3) Incorporating carbon pollution, other types of pollution 4 impacts, and working conditions into the procurement process will 5 level the playing field for manufacturers that meet high 6 environmental and labor standards. This process will encourage other 7 manufacturers to reduce greenhouse gas emissions, invest in pollution 8 controls, and improve working conditions while growing the demand for 9 ethically produced materials with a smaller environmental footprint.

(4) Washington state is already home to multiple world-class 10 manufacturing facilities and with a low carbon electric grid and 11 12 highly skilled workforce, the state is well-positioned to capture the growing demand for low carbon materials and create and sustain a new 13 generation of good, high-wage clean manufacturing jobs. By leveling 14 the playing field for manufacturers that meet high environmental and 15 16 labor standards and meeting the growing demand for ethically and 17 sustainably produced materials, Washington's manufacturing base will 18 continue to expand.

19 (5) Incorporating emissions and working conditions into the 20 procurement process will also improve the state's ability to make 21 purchasing decisions that align with its carbon reduction goals and 22 economic development goals.

(6) Great quantities of greenhouse gas emissions are released during the manufacturing of building materials and the state and local government are among the largest consumers of these building materials.

(7) The legislature has committed to carbon reduction measures by requiring action by public agencies. Those actions do not currently encourage public dollars to be spent in a way that is consistent with the state's carbon reduction goals as it relates to the global warming potential embedded within the materials procured for statefunded infrastructure projects.

(8) The buy clean and buy fair policies established in this chapter are critical to reduce embodied carbon in the built environment, a goal identified in the Washington state 2021 energy strategy to meet the state's greenhouse gas emission limits and governor Inslee's Executive Order 18-01 on state efficiency and environmental performance.

39 (9) Providing financial assistance to small manufacturers to 40 support the production of environmental product declarations will

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1 ensure that small manufacturers are not put at a competitive 2 disadvantage in state contracting as a result of the requirements of 3 this chapter.

4 <u>NEW SECTION.</u> Sec. 2. The definitions in this section apply 5 throughout this chapter unless the context clearly requires 6 otherwise.

7 (1) "Awarding authority" means:

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(a) The department of enterprise services;

9 (b) Institutions of higher education as defined in RCW 10 28B.92.030;

11 (c) Natural resource agencies, including the department of 12 natural resources, the state parks and recreation commission, and the 13 department of fish and wildlife;

(d) Any other state governmental entity that receives funding from the omnibus capital appropriations act for a public works project contracted directly by the state agency; and

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(e) The department of transportation.

18 (2) "Covered product" means:

19 (a) Structural concrete products, specifically ready mix,20 shotcrete, precast, and concrete masonry units;

21 (b) Reinforcing steel products, specifically rebar and post 22 tensioning tendons;

(c) Structural steel products, specifically hot rolled sections,hollow sections, plate, and cold formed; and

25 (d) Engineered wood products, specifically composite lumber and 26 mass timber.

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(3) "Covered project" means:

(a) A construction project larger than 25,000 gross square feet
 of space as defined in the Washington state building code, chapter
 51-50 WAC; or

31 (b) A building renovation project where the cost is greater than 32 50 percent of the assessed value and the project is larger than 33 25,000 gross square feet of occupied or conditioned space as defined 34 in the Washington state building code, chapter 51-50 WAC.

35 (4) "Department" means the department of commerce.

36 (5) "Employee" means any individual who is in an employment 37 relationship with the organization, according to national law or its 38 application. 1 (6) "Environmental product declaration" means a supply chain 2 specific type III environmental product declaration as defined by the 3 international organization for standardization standard 14025 or 4 similarly robust life-cycle assessment methods that have uniform 5 standards in data collection consistent with the international 6 organization for standardization standard 14025, industry acceptance, 7 and integrity.

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(7) "Greenhouse gas" has the same meaning as in RCW 70A.45.010.

"International labor organization's four 9 fundamental (8) principles and rights at work" means: Effective abolition of child 10 11 labor; elimination of discrimination in respect of employment and 12 occupation; elimination of all forms of forced or compulsory labor; and freedom of association and the effective recognition of the right 13 14 to collective bargaining.

(9) "Supply chain specific" means an environmental product 15 16 declaration that includes supply chain specific data for production 17 processes that contribute to 80 percent or more of a product's cradle-to-gate global warming potential, as defined in international 18 organization for standardization standard 21930, and reports the 19 overall percentage of supply chain specific data included. For 20 engineered wood products, supply chain specific also means 21 an 22 environmental product declaration that reports:

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(a) Any chain of custody certification;

24 (b) Percent volume contribution to wood sourcing with forest 25 management certification;

26 (c) Percent volume contribution to wood sourcing by state or 27 province and country; and

(d) Percent volume contribution to wood sourcing by owner type,e.g., federal, state, private, or other.

30 <u>NEW SECTION.</u> Sec. 3. (1)(a) Beginning July 1, 2021, an awarding 31 authority shall require the selected firm for a contract for a 32 covered project to submit the following data for each covered product 33 used for which an environmental product declaration is available 34 prior to the final construction retainage payment:

35 (i) A current environmental product declaration;

36 (ii) Product quantity and purchase amount;

37 (iii) Any health certifications completed for the product;

38 (iv) Manufacturer name and location, including state or province 39 and country; 1 (v) Measures taken, if any, to promote the international labor 2 organization's four fundamental principles and rights at work within 3 the manufacturer supply chain;

4 (vi) Names and locations, including state or province and 5 country, of the actual production facilities; and

6 (vii) Working conditions at the actual production facilities for 7 all employees.

8 (b) Beginning July 1, 2022, an awarding authority shall require 9 the selected firm for a contract for a covered project to submit the 10 data required by (a) of this subsection for each covered product used 11 prior to the final construction retainage payment.

(c) Beginning July 1, 2023, an awarding authority shall require the selected firm for a contract for a covered project to submit the data required by (a) of this subsection for each covered product used before the material is installed in the project.

16 (d) The selected firm for a contract for a covered project shall 17 provide the data required by this subsection for at least 90 percent 18 of the weight of the covered products used in the project.

19 (2) The University of Washington college of built environments 20 shall create a publicly accessible database with projects anonymized 21 for selected firms for contracts for covered projects to report the 22 data required in subsection (1) of this section to the state and to 23 promote transparency.

(3) If the selected firm for a contract cannot meet the requirements of subsection (1) of this section on the grounds of hardship, then the selected firm must report on its efforts taken to obtain the data, and it bears the burden of providing evidence that:

(a) The data does not exist in a form that is recorded ortransferable;

30 (b) The requirements would be a hardship relative to the size of 31 the firm or the product supplier based on a specific estimate of 32 costs to collect and transfer the information; or

33 (c) The requirements would disrupt the selected firm's ability to 34 perform its contractual obligations.

35 (4) The selected firm for a contract for a covered project shall 36 provide all data required in subsection (1) of this section that can 37 be obtained.

38 (5) Each awarding authority must annually transmit to the 39 department a copy of all information that the awarding authority 40 receives pursuant to subsection (3) of this section.

1 (6) All environmental product declarations must follow nationally 2 or internationally recognized rules for producing environmental 3 product declarations for the subject material, follow standards 4 established for life-cycle analysis material reporting of global 5 warming potentials, and conform to the international organization for 6 standardization standard 14025, 14040, 14044, and 21930.

7 (7) Beginning January 1, 2026, environmental product declarations
8 must report actual data quality assessments including variability in
9 facility, product, and upstream data for key processes.

10 (8) The department may contract for the use of nationally or 11 internationally recognized databases of environmental product 12 declarations for purposes of implementing this section.

(9) For the purposes of this section, "actual production facilities" means the final manufacturing facility and the facilities at which production processes occur that contribute to 80 percent or more of the product's cradle-to-gate global warming potential, as reflected in the environmental product declaration.

18 (10)(a) For the purposes of this section, "working conditions" 19 means the:

(i) Average number of employees by employment type, full time,part time, and temporary;

(ii) Average hourly wage, including all nondiscretionary wages and bonuses, by quartiles;

(iii) Hours worked by weekly hour bands, 1-19 hours, 20-29 hours,
30-39 hours, 40-49 hours, 50-59 hours, and 60 or more hours;

26 (iv) Maximum number of hours that an employee can be required to 27 work per week; and

28 (v) Percent of employees covered by a collective bargaining 29 agreement.

30 (b) For the purpose of this subsection, "average" means the mean 31 value:

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(i) For the two previous years; or

33 (ii) If the business has been operational for less than two 34 years, since the business has been operational.

35 (11) For the purposes of this section, "production employees" 36 means every employee with a production occupation, as defined by the 37 standard occupation classification code 51-0000.

38 (12) For the purposes of this section, "nonsupervisory employees" 39 means every employee except those whose responsibility it is to 40 supervise, plan, or direct the work of others, including working

1 supervisors and group leaders who may be in charge of a group of 2 employees, but whose supervisory functions are only incidental to 3 their regular work.

4 (13) For the purposes of this section, a "full-time" employee 5 means an employee with an employment contract that is for at least 12 6 consecutive months and whose working hours per week, month, or year 7 are defined as full time according to national law or practice 8 regarding working time.

9 (14) For the purposes of this section, a "part-time" employee 10 means an employee with an employment contract that is for at least 12 11 consecutive months and whose working hours are less than required for 12 a full-time employee, as defined in subsection (13) of this section.

13 (15) For the purposes of this section, a "temporary" employee 14 means an employee who has an employment contract that is for fewer 15 than 12 months or who is terminated by a specific event including, 16 but not limited to, the end of a project or the return of replaced 17 employees.

18 (16) An awarding authority may amend their fee schedule to 19 accommodate this chapter.

20 (17) Subject to funds made available for this purpose, the 21 department may provide financial assistance to small businesses, as 22 defined in RCW 19.85.020, equal to no less than half of the cost to 23 the small business of producing an environmental product declaration 24 required under this section.

NEW SECTION. Sec. 4. The office of financial management must inform awarding authorities of the requirements of the policies in this chapter, including the data and information requirements in section 3 (1) and (3) of this act for selected firms for contracts for covered projects and the instructions for awarding authorities in section 3(5) of this act.

NEW SECTION. Sec. 5. (1) By January 1, 2025, and in conformance with RCW 43.01.036, the department shall submit to the legislature a report summarizing the data submitted in pursuit of this chapter, including product quantities and purchase amounts, global warming potential, labor conditions, health certifications, and any obstacles to the implementation of this chapter.

37 (2) This section expires January 1, 2026.

<u>NEW SECTION.</u> Sec. 6. This act may be known and cited as the buy
 clean and buy fair Washington act.

3 <u>NEW SECTION.</u> Sec. 7. Sections 1 through 6 of this act 4 constitute a new chapter in Title 39 RCW.

5 <u>NEW SECTION.</u> Sec. 8. If any provision of this act or its 6 application to any person or circumstance is held invalid, the 7 remainder of the act or the application of the provision to other 8 persons or circumstances is not affected.

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