

HOUSE BILL REPORT

HB 1508

As Reported By House Committee On:

Commerce & Labor
Appropriations

Title: An act relating to accounts under the authority of the department of labor and industries.

Brief Description: Creating new funds under the control of the department of labor and industries.

Sponsors: Representatives Goldsmith, Kremen, Cooke and Morris.

Brief History:

Committee Activity:

Commerce & Labor: 2/21/95, 2/27/95 [DPS];
Appropriations: 3/4/95 [DPS(CL)].

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 10 members: Representatives Lisk, Chairman; Thompson, Vice Chairman; Romero, Ranking Minority Member; Conway, Assistant Ranking Minority Member; Cairnes; Cody; Cole; Fuhrman; Goldsmith and Horn.

Minority Report: Without recommendation. Signed by 1 member: Representative Hargrove, Vice Chairman.

Staff: Chris Cordes (786-7117).

Background:

Contractor registration

Construction contractors, whether general contractors or specialty contractors, must register with the Department of Labor and Industries. To apply for registration, an applicant must pay a fee and file an application with an appropriate surety bond and other financial requirements. A contractor who fails to register or who violates other provisions of the statute is subject to penalties. Fees and penalties are paid to the state general fund.

Factory assembled structures

The Department of Labor and Industries regulates certain aspects of manufacturing mobile homes, commercial coaches, recreational vehicles, and factory assembled housing and commercial structures. Fees are collected to cover inspection costs and administration and enforcement of the statutory requirements and are paid to the state treasury.

Summary of Substitute Bill:

Contractor enforcement account

The contractor enforcement account is created. All receipts from penalties, contractor registration fees, and inspection fees imposed under the contractor registration statute will be deposited in the account.

Expenditures from the account must be authorized by the director of the Department of Labor and Industries and may be used only for registration, enforcement of contractor registration, and consumer education activities of the department concerning contractors. The account is subject to allotment procedures under rules of the Office of Financial Management, but no appropriation is required for expenditures.

No less than 20 percent of annual expenditures must be used for consumer education, including disclosure by public service announcements of persons performing contracting work without being registered as contractors.

Factory assembled structures administration account

The factory assembled structures administration account is created. All receipts from fees collected for inspection, administration, and enforcement of provisions regarding mobile homes, commercial coaches, recreational vehicles, and factory built housing and commercial structures will be deposited in the account.

Expenditures from the account must be authorized by the director of the Department of Labor and Industries and may be used only for the administration of provisions dealing with regulation of mobile homes, commercial coaches, recreational vehicles, and factory built housing and commercial structures. The account is subject to allotment procedures under rules of the Office of Financial Management, but no appropriation is required for expenditures.

Substitute Bill Compared to Original Bill: The substitute bill adds an emergency clause with an effective date of July 1, 1995, so that the dedicated accounts take effect at the beginning of the fiscal year.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill contains an emergency clause and takes effect on July 1, 1995.

Testimony For: Contractors pay fees that are supposed to pay for the contractor registration program. However, some of the fees are going to the general fund and the Department of Labor and Industries is not getting full funding for enforcement of contractor registration. Having dedicated funding is a key to correcting the problem of unregistered contractors. Even if a good law is enacted, it does not solve the problem if it is not enforced. The dedicated fund will also be used to provide consumer education, another piece that is critical to protecting consumers.

Testimony Against: None.

Testified: Ron Clarke, Washington Manufactured Housing Association; Dan Sexton, Washington State Association of Plumbers and Pipefitters; Brian Minnich and Bob Blayden, Building Industry Association of Washington; Doug Bohlke, Contractors Bonding and Insurance Company; Rick Slunaker, Associated General Contractors; Jim Lepela; and Art Fabinger, Washington Association of Plumbing, Heating and Cooling Contractors.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The substitute bill by Committee on Commerce & Labor be substituted therefor and the substitute bill do pass. Signed by 29 members: Representatives Silver, Chairman; Clements, Vice Chairman; Huff, Vice Chairman; Pelesky, Vice Chairman; Sommers, Ranking Minority Member; Valle, Assistant Ranking Minority Member; Beeksma; Brumsickle; Carlson; Chappell; Cooke; Crouse; G. Fisher; Foreman; Grant; Hargrove; Hickel; Jacobsen; Lambert; Lisk; McMorris; Poulsen; Reams; Rust; Sehlin; Sheahan; Talcott; Thibaudeau and Wolfe.

Staff: Susan Nakagawa (786-7145).

Summary of Recommendation of Committee on Appropriations Compared to Recommendation of Committee on Commerce & Labor: No new changes were recommended.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill contains an emergency clause and takes effect on July 1, 1995.

Testimony For: Greater enforcement is necessary for the contractor program within Department of Labor and Industries. A large number of unregistered contractors exist and more enforcement will be provided as a result of this legislation. The bill also provides for additional consumer education for the public. The fees appropriated are greater than the amount spent on support of the program.

Testimony Against: None.

Testified: Brian Minnich, Building Industry Association of Washington; Rick Slunaker, Associated General Contractors; and Tony Menhardt, Independent Business Association.