

# HOUSE BILL REPORT

## HB 1766

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**As Passed House:**

March 12, 1999

**Title:** An act relating to bids on public works.

**Brief Description:** Requiring identification of subcontractors in bids on public works.

**Sponsors:** Representatives Romero, McMorris, D. Schmidt, Dunshee, Miloscia, Conway, Campbell, Lambert and Haigh.

**Brief History:**

**Committee Activity:**

State Government: 2/24/99, 3/2/99 [DP].

**Floor Activity:**

Passed House: 3/12/99, 96-0.

**Brief Summary of Bill**

- For bids on public contracts of \$1 million or more, subcontractors must be named for certain areas of work, and no more than one subcontractor may be listed for an area of work.

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### HOUSE COMMITTEE ON STATE GOVERNMENT

**Majority Report:** Do pass. Signed by 8 members: Representatives McMorris, Republican Co-Chair; Romero, Democratic Co-Chair; Campbell, Republican Vice Chair; Miloscia, Democratic Vice Chair; Dunshee; Haigh; Lambert and D. Schmidt.

**Staff:** Scott MacColl (786-7106).

**Background:**

General contractors who bid on public works contracts in excess of \$100,000 or more are required to submit as part of the bid, or within one hour after the published bid submittal time, the names of all subcontractors whose subcontract amount is more than 10 percent of the contract price. Failure to list these subcontractors in the manner prescribed by statute renders the bid void.

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**Summary of Bill:**

The dollar bid threshold requiring general contractors to list the names of all subcontractors as part of the bid is raised from in excess of \$100,000 to \$1 million or more.

The general contractor only has to list subcontractors that contract directly with the general contractor for specific areas of work and may not list more than one subcontractor for each category of work. The specific areas of work are defined as heating, ventilation and air conditioning, plumbing, and electrical work.

Failure to submit names of subcontractors, or for the bidder to name itself to perform such work, or the naming of two or more subcontractors to perform the same work will render the bid void.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** It is in the interest of citizens to get the best value on public works contracts. Once general contractors have public contracts, they bid shop with subcontractors, and the general contractor takes the windfall for itself. Subcontractors want to be awarded contracts on the basis of the first bid. The subcontractors have been working with the Association of General Contractors to find agreement, which would reduce acrimony in the construction industry. Labor and management of the subcontracting industry are together in supporting the bill, because bid shopping hurts workers as well.

The present statute doesn't require a general contractor to declare itself for a portion of the contract that it does not subcontract. However, then the general contractor shops for two subcontractors, each for less than 10 percent of the contract. The 1995 amendment to the statute took out language that required a general contractor to name itself on the contract. Public oversight of the contract is in the public's interest.

(With Concerns): The bill in its current form increases the threshold from \$100,000 to \$1 million, which would take out quite a few smaller contracts, especially in rural areas. Also, the bill only addresses certain subcontractors, when it needs to be all subcontractors.

**Testimony Against:** None.

**Testified:** Larry Stevens, Terry Baldwin, and Arne Hedeem, Mechanical Contractors Association; Dan Sexton, Washington State Association of Plumbers and Pipefitters; Richard A. King, International Brotherhood of Electrical Workers; Robert Dilger, Washington State Building and Construction Trades Council; and Rodney Eng, Association of Washington Cities.