
Commerce & Labor Committee

HB 1527

Brief Description: Requiring living wages on public contracts.

Sponsors: Representatives Miloscia, Dunshee, Haigh, Conway, Ormsby, Sells, Simpson, Chase, Dickerson, O'Brien, Wood, Kirby, Kenney, Hasegawa, Santos and Moeller.

Brief Summary of Bill

- Requires state contractors and subcontractors to pay their employees a living wage rate.
- Specifies that the living wage rate is \$10 per hour if health benefits are provided, or \$11.50 per hour if health benefits are not provided.
- Requires that the living wage rate be adjusted annually for inflation.

Hearing Date: 1/11/06

Staff: Jill Reinmuth (786-7134).

Background:

State laws require that certain employers pay their employees minimum wages, and that certain government contractors pay their employees prevailing wages. There is not a living wage requirement applicable to state contracts.

Minimum Wage Requirement

The state Minimum Wage Act requires employers to pay their employees no less than the state minimum wage rate. Pursuant to Initiative 688, the Department of Labor and Industries (Department) adjusts the state minimum wage rate for inflation each year. The state minimum wage rate is currently \$7.63 per hour.

Prevailing Wage Requirement

The state Public Works Act requires government contractors to pay their employees prevailing wages on public work and public building service maintenance contracts. The prevailing wage is the hourly wage, including usual benefits and overtime, paid in the largest city in each county, to the majority of workers in a particular trade or occupation. The prevailing wage requirement applies to state and local governments, including counties, cities, towns, and most districts.

Living Wage Requirement

One jurisdiction in the state, the City of Bellingham, requires certain contractors to pay their employees a living wage rate, and adjusts the rate for inflation each year. The contracts subject to the City's living wage requirement are service contracts for more than \$10,000 performed by contractors with four or more employees and in business for more than one year. In 2003 the City's living wage rates were \$10 if health benefits were included, or \$11.50 if health benefits were not included. The City adjusts the living wage rates for inflation each year.

Summary of Bill:

State contractors and subcontractors are required to pay their employees a living wage rate. This rate varies depending on whether the contractors and subcontractors pay for health benefits, and is adjusted annually for inflation.

Living Wage Requirement

State contractors and subcontractors must pay their employees \$10 per hour if health benefits are paid in whole or in substantial part, or \$11.50 per hour if health benefits are not provided. The Department of Labor and Industries (Department) must adjust the living wage rate for inflation each year in the same manner as it adjusts the minimum wage rate.

The contracts subject to this requirement are state contracts for public works, personal services, purchased services, and goods that are entered into, renewed, or extended on or after July 1, 2005.

The employees subject to this requirement do not include: employees who are not covered under the state Minimum Wage Act, employees while they are on call or standby, and employees who are subject to collective bargaining agreements. They also do not include trainees, apprentices, interns, work study students, and employees who are seventeen years old or younger.

Exemptions to this requirement may be granted by the Office of Financial Management if compliance with the requirement will cause economic hardship or the exemption is in the state's best interests due to unforeseen or special circumstances.

Other Provisions

Employees may report violations of this requirement to the director of the Department. The Department has the same administrative and enforcement powers as in state laws governing wage payments.

Contractors who are out of compliance with this requirement for the first time have thirty days to come into compliance. After thirty days, the state may terminate the contract. Contractors and subcontractors who violate this requirement a second time are prohibited from contracting with the state for two years.

Contractors and subcontractors may not retaliate or discriminate against employees for asserting their rights under this requirement.

In circumstances requiring payment of prevailing wage rates, contractors and subcontractors must pay either the prevailing wage rate or the living wage rate, whichever is higher.

Appropriation: None.

Fiscal Note: None.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 2005.