

SENATE BILL REPORT

SB 5236

As Reported By Senate Committee On:
Labor, Commerce, Research & Development, February 14, 2005
Ways & Means, January 30, 2006

Title: An act relating to providing additional funding to the prevailing wage program of the department of labor and industries by discontinuing the transfer of moneys from the public works administration account to the general fund-state account.

Brief Description: Providing additional funding to the prevailing wage program of the department of labor and industries by discontinuing the transfer of moneys from the public works administration account to the general fund-state account.

Sponsors: Senators Kohl-Welles, Parlette, Keiser, Fraser, Honeyford and Kline; by request of Department of Labor & Industries.

Brief History:

Committee Activity: Labor, Commerce, Research & Development: 2/3/05, 2/14/05 [DP-WM].

Ways & Means: 1/17/06, 1/30/06 [DPS].

SENATE COMMITTEE ON LABOR, COMMERCE, RESEARCH & DEVELOPMENT

Majority Report: Do pass and be referred to Committee on Ways & Means.

Signed by Senators Kohl-Welles, Chair; Franklin, Vice Chair; Parlette, Ranking Minority Member; Hewitt, Honeyford and Keiser.

Staff: Alison Mendiola (786-7483)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5236 be substituted therefor, and the substitute bill do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Doumit, Vice Chair, Operating Budget; Brandland, Kohl-Welles, Parlette, Pflug, Pridemore, Rasmussen, Regala, Roach, Rockefeller, Schoesler and Thibaudeau.

Staff: Paula Faas (786-7449)

Background: Employers on public works projects must pay the prevailing wage, which is the hourly wage paid to the majority of workers, laborers, or mechanics in the same occupation in that locality. Employers starting public works projects file intent forms stating they will pay employees the prevailing wage. When the project ends, employers also file affidavits stating prevailing wages were paid.

The Department of Labor and Industries (L&I) is responsible establishing prevailing wage rates. L&I conducts surveys and uses the data to calculate the rates. L&I is also responsible for enforcing the prevailing wage statutes, which includes investigations. Filing fees may be levied on the intent and affidavit forms; by statute L&I cannot raise fees above \$25.00. These fees are deposited into the Public Works Administration account, along with fines imposed on violators of the prevailing wage statutes. By statute, 30 percent of the revenues in the account is transferred to the state general fund.

Summary of Substitute Bill: Eliminates the statute requiring the transfer of 30 percent of the Public Works Administration account revenues to the state general fund, effective July 1, 2007.

Substitute Bill Compared to Original Bill: Delays implementation until July 1, 2007.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Testimony For: (Labor, Commerce, Research & Development) Some contractors aren't paying the prevailing wage. This fraud takes a lot of time and resources to investigate, which is why this bill is needed. Currently L&I has insufficient funds to carry out its mandate, including compliance, wage surveys, and outreach. This is a consensus bill with labor, industry, and agency support.

Testimony Against: (Labor, Commerce, Research & Development) None.

Who Testified: (Labor, Commerce, Research & Development) PRO: Ed Triezenberg, Carpenters Union; Miriam Israel Moses, Rebound; Patrick Woods, L&I; Josh Swanson, L&I; and Dave Johnson, WA State Building Trades.

Testimony For (Ways & Means): This will allow the department to conduct more surveys in a complete and timely manner, provide outreach and training for agencies that award public works contracts, allow for faster processing of paperwork, and provide a level playing field for businesses bidding on public works contracts. This funding will be used to improve the process, ensure equity, and improve public confidence.

Testimony Against (Ways & Means): The prevailing wage program increases the cost of government.

Who Testified (Ways & Means): PRO: Senator Kohl-Wells, prime sponsor; Patrick Woods, L&I; Jim Justin, Association of Washington Counties; Rick Slunaker, Associated General Contractors.

CON: Paul Locke, citizen.