

# SENATE BILL REPORT

## SB 5951

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As Reported by Senate Committee On:  
Commerce & Labor, February 18, 2015

**Title:** An act relating to prevailing wages.

**Brief Description:** Creating a pilot project to determine the prevailing wage of certain trades.

**Sponsors:** Senators Braun and Baumgartner.

**Brief History:**

**Committee Activity:** Commerce & Labor: 2/16/15, 2/18/15 [DP, DNP].

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### SENATE COMMITTEE ON COMMERCE & LABOR

**Majority Report:** Do pass.

Signed by Senators Baumgartner, Chair; Braun, Vice Chair; King and Warnick.

**Minority Report:** Do not pass.

Signed by Senators Hasegawa, Ranking Minority Member; Conway and Keiser.

**Staff:** Mac Nicholson (786-7445)

**Background:** Employers on public works projects must pay prevailing wages. The prevailing wage is the hourly wage, usual benefits, and overtime paid to the majority of workers in the same trade or occupation in the largest city of the county where the work is being performed. Prevailing wage rates are established by the industrial statistician at the Department of Labor and Industries (L&I) for each trade and occupation employed in the performance of public work. To determine the prevailing wages, L&I conducts wage surveys where employers, contractors, and labor unions are asked to submit wage and hour data. L&I develops the wage survey mailing list using industrial insurance, intent and affidavit filing, and licensing data. A prevailing wage can also be established by adopting the wage and benefit adjustments established in collective bargaining agreements.

If the majority of workers in a trade or occupation in the largest city of the county are paid the same wage, that wage becomes the prevailing wage. If no single wage rate is paid to a majority of workers, an average wage is calculated and becomes the prevailing wage.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

**Summary of Bill:** A pilot project is created to establish the prevailing wage using two different methods for two groups of trades. The wage under the pilot project must be published no later than February 2017.

For plasterers, telecommunications technicians, and divers, the prevailing wage is established by adopting the hourly wage, usual benefits, and overtime pay established in collective bargaining agreements for the trades. If there are no agreements, a survey is used to establish the wage.

For cement masons, operating engineers, and laborers in utilities construction, the prevailing wage is established using a stratified random sampling methodology. The process to conduct a stratified random sampling is as follows:

- identify the contractors, employers, and unions eligible to receive wage surveys in specific trades or occupations; and
- send wage surveys to 30 percent of the eligible recipients in each trade or occupation as selected by a random method.
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The prevailing wage for a specific trade or occupation may be established when L&I receives responses from 25 percent of the recipients in the trade or occupation.

A recipient of a wage survey must respond within 90 days. Failure to respond in 90 days results in a phone call from L&I, which triggers an additional 30-day response period. If the recipient still does not respond, L&I calls again and notifies the recipient that it must respond to the survey and failure to respond can result in civil penalties. If the recipient fails to respond in 14 days, L&I must assess a \$500 civil penalty, which is deposited in the public works administration account.

The Joint Legislative Audit and Review Committee, in consultation with L&I, must assess the pilot project and evaluate which method best reflects the actual market wage. The results of the assessment are due June 30, 2020.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

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

**Staff Summary of Public Testimony:** PRO: There is room to clarify the edges of prevailing wages. The bill helps make prevailing wages as accurate as possible.

CON: This bill establishes three ways to calculate prevailing wages. The stratified random sampling process isn't a good way to calculate prevailing wages.

OTHER: The challenge of this bill is the reduced number of surveys going out in small counties with small numbers of contractors. The bill would also put L&I in a position of writing penalties for failing to submit paperwork.

**Persons Testifying:** PRO: Senator Braun, prime sponsor.

CON: Josh Swanson, International Union of the Operating Engineers; Lee Newgent, WA Building Trades.

OTHER: Elizabeth Smith, L&I; Larry Stevens, National Electrical Contractors Assn., Mechanical Contractors Assn.