

HOUSE BILL REPORT

SHB 1673

As Passed House:
March 3, 2017

Title: An act relating to adding training on public works and prevailing wage requirements to responsible bidder criteria.

Brief Description: Adding training on public works and prevailing wage requirements to responsible bidder criteria.

Sponsors: House Committee on Labor & Workplace Standards (originally sponsored by Representatives Doglio, Sells, Gregerson, Ormsby, Macri, Goodman, Frame, Stonier, McBride, Cody, Senn, Ortiz-Self and Pollet).

Brief History:

Committee Activity:

Labor & Workplace Standards: 2/2/17, 2/13/17 [DPS];
Appropriations: 2/22/17 [DPS(LAWS)].

Floor Activity:

Passed House: 3/3/17, 59-38.

Brief Summary of Substitute Bill

- Requires training in public works and prevailing wage to be a responsible bidder on public works.
- Exempts bidders who have completed three or more public works projects and have had a Washington business license for at least three years.

HOUSE COMMITTEE ON LABOR & WORKPLACE STANDARDS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 7 members: Representatives Sells, Chair; Gregerson, Vice Chair; Manweller, Ranking Minority Member; McCabe, Assistant Ranking Minority Member; Doglio, Frame and Pike.

Staff: Joan Elgee (786-7106).

HOUSE COMMITTEE ON APPROPRIATIONS

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.

Majority Report: The substitute bill by Committee on Labor & Workplace Standards be substituted therefor and the substitute bill do pass. Signed by 21 members: Representatives Ormsby, Chair; Robinson, Vice Chair; Bergquist, Caldier, Cody, Fitzgibbon, Hansen, Hudgins, Jinkins, Kagi, Lytton, Manweller, Pettigrew, Pollet, Sawyer, Senn, Springer, Stanford, Sullivan, Tharinger and Wilcox.

Minority Report: Do not pass. Signed by 11 members: Representatives Chandler, Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Stokesbary, Assistant Ranking Minority Member; Buys, Condotta, Haler, Harris, Schmick, Taylor, Vick and Volz.

Minority Report: Without recommendation. Signed by 1 member: Representative Nealey.

Staff: Jordan Clarke (786-7123).

Background:

Bidders for public works contracts must meet responsibility criteria to be qualified for a contract. To be a responsible bidder, the bidder must:

- be a registered contractor;
- have a current state Unified Business Identifier number;
- have, if applicable, industrial insurance coverage for employees, an Employment Security Department number, and a state excise tax registration number;
- not be disqualified from bidding due to violations on a previous contract including: not being registered, not obtaining the state Unified Business Identifier number for a subcontractor, or prevailing wage violations; and
- if the project is subject to apprenticeship utilization requirements, not have been found out of compliance with certain apprenticeship requirements.

Contractors must verify responsibility criteria for each first-tier subcontractor, and subcontractors must verify the criteria for each of their subcontractors.

In general terms, "public works" is all work, construction, alteration, repair or improvement that is executed at the cost of the state or any other local public agency. Prevailing wages must be paid on all public works. The prevailing wage is the hourly wage, usual benefits, and overtime paid in the largest city in each county to the majority of individuals in the same trade or occupation.

Contractor training classes offered by the Department of Labor and Industries (Department) include training on prevailing wages.

Summary of Substitute Bill:

To qualify as a responsible bidder, contractors and subcontractors must have received training from the Department or training by a provider whose curriculum is approved by the Department relating to the requirements associated with public works and prevailing wage. The training must be four hours in length. Bidders who have completed three or more public works projects and have had a valid Washington business license for three or more years are exempt. The bidder must designate a person or persons to be trained.

The Department must keep records of entities that have satisfied the training requirements or are exempt and post the records on its website. Responsible parties may rely on the records.

The provisions are null and void unless funded in the operating budget.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect on July 1, 2018. However, the bill is null and void unless funded in the budget.

Staff Summary of Public Testimony (Labor & Workplace Standards):

(In support) It makes more sense to train people up front rather than have costly legal battles on the back end. Business originally brought this concept forward. Proponents have worked out grandfather clause language with the business community. Other states require certification.

(Opposed) None.

(Other) Business has worked with the labor community on grandfathering. The training requirement should only apply to those who have been in business for less than three years and done three or fewer public works. Prevention through training can avoid problems. There should be an easy way for agencies to know the bidder has taken the training. The transition needs to be smooth to avoid a rush to take the training.

Staff Summary of Public Testimony (Appropriations):

(In support) The bill requires contractors to have a minimum level of training in rights and responsibilities to ensure laws are followed from the start and to avoid costly legal battles. It is a good investment of funds from the Public Works Trust Account, not the State General Fund.

(Opposed) None.

Persons Testifying (Labor & Workplace Standards): (In support) Representative Doglio, prime sponsor; and Neil Hartman, Washington State Building and Construction Trades Council.

(Other) Jerry Vanderwood, Association of General Contractors; and Eric Johnson, Washington Public Ports Association.

Persons Testifying (Appropriations): Josh Swanson, International Union of Operating Engineers Local 302.

Persons Signed In To Testify But Not Testifying (Labor & Workplace Standards): None.

Persons Signed In To Testify But Not Testifying (Appropriations): None.