

# SENATE BILL REPORT

## SB 5492

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As of January 12, 2018

**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:** Senators Conway, Hasegawa, Keiser, Miloscia, Hobbs, Takko, Wellman, Chase, Darneille, Hunt and Saldaña.

**Brief History:**

**Committee Activity:** Labor & Commerce: 1/11/18.

**Brief Summary of Bill**

- Adds training in public works and prevailing wage to the responsibility criteria a bidder must satisfy to be awarded a public works project.
- Exempts bidders that have completed three or more public works projects and have had a Washington business license for at least three years from the training requirements.

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### SENATE COMMITTEE ON LABOR & COMMERCE

**Staff:** Jarrett Sacks (786-7448)

**Background:** Responsible Bidder Criteria. A contractor bidding on a public works project must meet certain criteria, known as responsible bidder criteria, in order to be awarded a public works contract. To be a responsible bidder, the bidder must:

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

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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.*

State agencies and municipalities are authorized to adopt relevant supplemental criteria for determining bidder responsibility for a particular project.

Prevailing Wage. Contractors 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. The prevailing wage for each county and occupation is established by the industrial statistician for the Department of Labor and Industries (L&I). The prevailing wage requirement applies to all public works of the state or any county, municipality, or political subdivision. In general, public works is all work, construction, alteration, repair, or improvement that is executed at the cost of the state or any local public agency.

**Summary of Bill:** The bill as referred to committee not considered.

**Summary of Bill (Proposed Substitute):** Responsible Bidder Criteria. To qualify as a responsible bidder, a bidder must have received training on the requirements related to public works and prevailing wage from L&I. The training must be provided by L&I or by a training provider whose curriculum is approved by L&I and must be four hours in length. Bidders are required to designate a person or persons to be trained.

Bidders that have completed three or more public works projects and have had a valid business license in Washington for three or more years are exempt from the training requirements.

L&I must keep records of entities that have completed the training or are exempt from the training requirements and must make the records available on its website. Responsible parties may rely on the records regarding the satisfaction of the training requirements or the exemption.

**Appropriation:** None.

**Fiscal Note:** Available.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

**Effective Date:** The bill takes effect on July 1, 2019. Includes a null and void clause.

**Staff Summary of Public Testimony:** PRO: This bill is a product of the Underground Economy Task Force. People working on public works projects should be knowledgeable on prevailing wage and public works. There should be more than just punishments for contractors. Training will help prevent contractors who mean well from mistakenly breaking the law and getting punished.

OTHER: The bill needs to contain a grandfather clause for experienced contractors, a database for awarding agencies to reference who has met the training requirements, and limitations on the length of the training time required, which the proposed substitute does.

**Persons Testifying:** PRO: Senator Steve Conway, Prime Sponsor; Neil Hartman, Washington State Building & Construction Trades Council.

OTHER: Jerry VanderWood, AGC of WA; Eric Johnson, WA Public Ports Association; Gary Smith, Independent Business Association.

**Persons Signed In To Testify But Not Testifying:** No one.