

HOUSE BILL REPORT

HB 1743

As Amended by the Senate

Title: An act relating to the methodology for establishing the prevailing rate of wages for the construction of affordable housing, homeless and domestic violence shelters, and low-income weatherization and home rehabilitation public works.

Brief Description: Addressing the methodology for establishing the prevailing rate of wages for the construction of affordable housing, homeless and domestic violence shelters, and low-income weatherization and home rehabilitation public works.

Sponsors: Representatives Ormsby, Sells, Appleton, Fey, Tharinger and Kloba.

Brief History:

Committee Activity:

Labor & Workplace Standards: 2/5/19, 2/7/19 [DP].

Floor Activity:

Passed House: 3/1/19, 95-0.

Senate Amended.

Passed Senate: 3/27/19, 44-1.

Brief Summary of Bill

- Provides that prevailing wage rates for residential construction are established by wage and hour surveys, unless survey information is insufficient.
- Provides for interim rates pending the establishment of rates based on surveys.

HOUSE COMMITTEE ON LABOR & WORKPLACE STANDARDS

Majority Report: Do pass. Signed by 7 members: Representatives Sells, Chair; Chapman, Vice Chair; Mosbrucker, Ranking Minority Member; Chandler, Assistant Ranking Minority Member; Gregerson, Hoff and Ormsby.

Staff: Joan Elgee (786-7106).

Background:

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 law requires that prevailing wages be paid to laborers, workers, and mechanics employed upon all public works and under all public building service maintenance contracts. "Public works" means all work, construction, alteration, repair, or improvement other than ordinary maintenance that is executed at the cost of the state or any municipality. "Public works" includes school construction, highways, certain housing projects, and other work.

The prevailing wage rate for each trade in each county is determined by the industrial statistician at the Department of Labor and Industries. Prior to 2018, by rule the industrial statistician conducted wage and hour surveys of the various trades to establish prevailing wages. When the rate calculated in the survey process matched the rate of a collective bargaining agreement during the survey period, the prevailing wage rate was considered to be derived from the collective bargaining agreement and was adjusted based on changes to the collective bargaining agreement. Rates are adjusted twice a year and surveys were conducted periodically. Alternative methods of establishing the rate were used under limited circumstances, such as when a survey was not immediately feasible in a new trade or occupation.

In 2018 legislation changed the determination of the prevailing wage. The prevailing wage is established by adopting the hourly wage, usual benefits, and overtime pay established in collective bargaining agreements. For trades and occupations with more than one collective bargaining agreement, the higher rate controls. For those trades that do not have collective bargaining agreements, the prevailing rate of wage is established by wage and hour surveys and if surveys are not feasible, the industrial statistician may use other appropriate methods.

For some trades, a separate prevailing wage rate is established for commercial and residential construction. Under the 2018 law, if a separately bargained residential rate for a particular trade was in an agreement, the industrial statistician adopted this rate for residential construction. Otherwise, the industrial statistician adopted the rate for the particular trade.

Summary of Bill:

A method for determining prevailing wages for residential construction is established. The industrial statistician must conduct wage and hour surveys. If the information received from a survey is insufficient to determine the prevailing wage, the industrial statistician must use other appropriate methods. The initial surveys must be conducted as soon as feasible and must cover fiscal year 2018. After the initial survey, the industrial statistician must conduct a survey for each trade at least every five years, and may stagger the surveys for workload purposes.

Before the initial survey, prevailing wages for residential construction are determined by calculating the percentage change in the annual average hourly construction worker wages since the prevailing wage for that trade was last adjusted prior to 2018, and applying that percentage change to the rate in effect prior to the 2018 rate adjustments. These interim wage rates must be published within 30 days of the effective date of the act and take effect 30 days after publication.

"Residential construction" is defined as construction, alteration, repair, improvement, or maintenance of single-family dwellings, duplexes, apartments, condominiums, and other

residential structures not to exceed four stories in height, including the basement, in the following categories:

- affordable housing, including permanent supportive housing and transitional housing, which may include common spaces, community rooms, recreational spaces, a management office, or offices for the purposes of service delivery;
- weatherization and home rehabilitation programs for low-income households; and
- homeless shelters and domestic violence shelters.

EFFECT OF SENATE AMENDMENT(S):

The Senate amendment changes the interim prevailing wage determination by requiring that the percentage change in annual hourly construction worker wages first be added to 100 percent before it is multiplied by the rate in effect prior to the August 31, 2018 rate adjustment, resulting in the actual interim wage rate, instead of the difference in wage rates.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Staff Summary of Public Testimony:

(In support) This bill addresses the unintended consequences of last year's bill eliminating surveys that failed to distinguish commercial and residential construction. It will protect wage earners and assist with the construction of affordable housing and weatherization. The interim rate assures affordable housing can be built. Stakeholders came together to solve this issue.

(Opposed) None.

Persons Testifying: Representative Ormsby, prime sponsor; Michele Thomas, Washington Low Income Housing Alliance; Dan Watson, King County Housing Authority; Craig Engelking, Washington State Community Action Partnership; and Neil Hartman, Washington State Building and Construction Trades Council.

Persons Signed In To Testify But Not Testifying: None.