

HOUSE BILL REPORT

HB 1067

As Reported by House Committee On:
Labor & Workplace Standards

Title: An act relating to wages for journeypersons in high-hazard facilities.

Brief Description: Concerning wages for journeypersons in high-hazard facilities.

Sponsors: Representatives Bronoske, Simmons, Berry, Bateman, Lekanoff, Doglio, Gregerson, Wylie, Ortiz-Self, Pollet, Davis, Riccelli, Ormsby and Fosse.

Brief History:

Committee Activity:

Labor & Workplace Standards: 1/25/23, 2/3/23 [DPS].

Brief Summary of Substitute Bill

- Requires certain workers in petroleum refining or petrochemical manufacturing to be paid at least the prevailing wage.

HOUSE COMMITTEE ON LABOR & WORKPLACE STANDARDS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 6 members: Representatives Berry, Chair; Fosse, Vice Chair; Bronoske, Doglio, Ormsby and Ortiz-Self.

Minority Report: Do not pass. Signed by 3 members: Representatives Robertson, Ranking Minority Member; Schmidt, Assistant Ranking Minority Member; Connors.

Staff: Kelly Leonard (786-7147).

Background:

High-Hazard Facility Work.

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

An owner or operator of a stationary source that is engaged in petroleum refining or petrochemical manufacturing, when contracting for the construction, alteration, installation, repair, or maintenance of the stationary source, must require its contractors and subcontractors to use a skilled and trained workforce to perform onsite work in an occupation for which an apprenticeship program has been approved by the Washington State Apprenticeship Training Council. A "skilled and trained workforce" means all the workers are either registered apprentices or skilled journeypersons. In this context, a skilled journeyperson means the worker: has either graduated from an apprenticeship program for the applicable occupation or has at least as many hours of on-the-job experience as would be required to graduate; and is being paid at least a rate commensurate with the wages typically paid for the occupation in the applicable geographic area. However, a worker may not be paid less than a rate consistent with the seventy-fifth percentile in the applicable occupation and geographic area in the most recent occupational employment statistics published by the Employment Security Department. The prevailing wage rate may be used but a contractor is not required to pay prevailing wage rates.

Prevailing Wage.

State law requires prevailing wages to be paid to laborers, workers, and mechanics employed in all public works and public building service maintenance contracts. The prevailing wage is established by the industrial statistician at the Department of Labor and Industries. It is calculated based on the hourly wage, usual benefits, and overtime paid in the largest city in each county, to the majority of workers, laborers, or mechanics in the same trade or occupation.

Summary of Substitute Bill:

A skilled journeyperson working for a petroleum refining or petrochemical manufacturing contractor or subcontractor must be paid at least a rate consistent with the prevailing wage in the applicable occupation and geographic area.

Substitute Bill Compared to Original Bill:

The substitute bill replaces references to "prevailing hourly wage rate" with "prevailing rate of wage."

Appropriation: None.

Fiscal Note: Not requested.

Effective Date of Substitute Bill: The bill takes effect on January 1, 2025.

Staff Summary of Public Testimony:

(In support) The bill is about fairness to professional workers, who are not currently paid an appropriate wage for this dangerous work. Paying wages that are less than the prevailing wage is an insult to all refinery workers.

In 2019 the state enacted certain safety, training, and wage requirements for these refinery workers. Much of those changes have had a positive impact. The original bill would have required the prevailing wage, but a last minute change was made to require 75 percent of the applicable Occupational Employment and Wage Statistics (OES) instead. This standard is not working. There is no enforcement. It has resulted in apprentices and journey level workers often getting paid the same rate. Journey level workers should be paid journey level wages.

This is not about whether the state should regulate wages for this industry; it is already doing that. This is about which is the better standard: OES, or the prevailing wage. The prevailing wage is predictable and enforceable. It is already used by contractors throughout the state. It is clearly the better approach. Using OES, on the other hand, is undermining the apprenticeship system and resulting in inadequate wages for skilled workers. Over time this will create safety issues and other problems.

(Opposed) It is not appropriate for the state to dictate wages in the private sector. There is no precedent for requiring prevailing wages for private contracts. The prevailing wage is used for public works projects only. This is a radical change from current practice. If the state moves forward with this, it is crossing the Rubicon.

The refinery in Whatcom County operates with high safety standards, and its workers are paid more than twice the average wage in the county. The refinery is critical to the local economy. By engaging in this kind of price fixing, the state would be putting these facilities at a competitive disadvantage to other refineries across the nation. Raising the wages even further will not increase safety. There is no safety or health concern. This is about economics, and it is an unfair mandate. Mandating the prevailing wage will increase costs to customers and result in job cuts.

The current law and the bill only affect the contractors at the refineries, not the actual refineries. If the state requires the prevailing wage for contractors, then the refinery could just cancel its contracts and directly hire the workers at a lower wage. This is unfair to the contractors.

Persons Testifying: (In support) Representative Dan Bronoske, prime sponsor; Mark Riker, Washington State Building and Construction Trades Council; Todd Mitchell, Heat and Frost Insulators Local 7; Heather Kurtenbach, Ironworkers Local 86; Matthew Hepner, International Brotherhood of Electrical Workers and Certified Electrical Workers of Washington; Cory Elliott, Northwest Carpenters and Northwest Regional Council of the

National Construction Alliance; Tracey Eixenberger, Boilermakers Local 502; and Luke Esser, Boilermakers.

(Opposed) Cary Clemenson; Tom Wolf, BP America; Bob Battles, Association of Washington Business; Jerry VanderWood, Washington Construction Industry Council and Associated General Contractors; Peter Ashurst; Ryan Likkell, Western Refinery Services; Derek Bronson; Donald Ludwigsen; and Greg Hanon, Western States Petroleum Association.

Persons Signed In To Testify But Not Testifying: None.