

# HOUSE BILL REPORT

## HB 1245

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*As Reported By House Committee on:  
Commerce & Labor*

**Title:** An act relating to public contracts.

**Brief Description:** Requiring compliance with chapter 39.12 RCW of public works.

**Sponsor(s):** Representatives Heavey, Cole, R. King, Winsley, Jones, Prentice, O'Brien, R. Meyers and Ebersole.

**Brief History:**

Reported by House Committee on:  
Commerce & Labor, February 15, 1991, DPS.

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**HOUSE COMMITTEE ON  
COMMERCE & LABOR**

**Majority Report:** *That Substitute House Bill No. 1245 be substituted therefor, and the substitute bill do pass.*  
Signed by 7 members: Representatives Heavey, Chair; Cole, Vice Chair; Franklin; Jones; R. King; O'Brien; and Prentice.

**Minority Report:** *Do not pass.* Signed by 4 members: Representatives Fuhrman, Ranking Minority Member; Lisk, Assistant Ranking Minority Member; Vance; and Wilson.

**Staff:** Chris Cordes (786-7117).

**Background:** All public works undertaken by the state or local governments must comply with the state prevailing wage law. However, the prevailing wage law does not apply to facilities built by private contractors for the general market, unless 80 percent or more of the facility will be occupied by a state agency. In this case, the state agency may not cause the facility to be built unless the contractor complies with the prevailing wage law. These provisions do not apply to a facility built for the general market, and then sold or leased to a local government.

**Summary of Substitute Bill:** Prevailing wages must be paid when a state or local government agency causes new construction of a facility and the agency will lease or purchase more than 50 percent of the facility. The state or local government agency may not cause alterations or repairs to part of a facility if the agency will lease or purchase

that part of the facility unless the alterations or repairs are performed in compliance with the prevailing wage law. These requirements apply only to construction projects for which competitive bids have not been requested prior to the act's effective date.

**Substitute Bill Compared to Original Bill:** The requirement is deleted for prevailing wages to be paid when a project is to be operated by a state or local government. The requirement for prevailing wages on all construction projects when the project is caused by an agency is changed: (1) to require prevailing wages when more than 50 percent of the new facility will be leased or purchased by the agency; and (2) when alterations or repairs are caused by the agency that will occupy a facility, to require prevailing wages for the remodeling in the part of the facility that the agency will occupy.

**Fiscal Note:** Not requested.

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

**Testimony For:** If a private builder turns over new construction to a state agency for 80 percent occupation by the agency, the project must be built under the prevailing wage law. But if remodeling is done for a non-public landlord to benefit a state agency tenant, the remodeling work might not be covered by prevailing wage law. Workers are not protected when the prevailing wage law is circumvented. Any construction work caused by an agency should be performed under prevailing wages.

**Testimony Against:** The bill as drafted is too broad, because it includes facilities that are operated by a public agency. It is not clear what determines when an agency is the "cause" of the construction. Any extension of the prevailing wage law is not warranted. Note: The substitute bill addresses some issues raised in the testimony against the bill.

**Witnesses:** (in favor) Bob Dilger, Washington State Building and Construction Trades Council; Ron Forest, District Council of Carpenters; Otto Herman, Rebound; and Cindy Zehnder, Teamsters. (opposed) Duke Schaub, Associated General Contractors, Stan Finkelstein, Association of Washington Cities; Clif Finch, Association of Washington Business; and Cliff Webster, Associated Builders and Contractors.