

HOUSE BILL REPORT

HB 1958

As Reported By House Committee On:
Commerce & Labor

Title: An act relating to transfers of funds from the public works administration account.

Brief Description: Eliminating transfers of funds from the public works administration account.

Sponsors: Representatives Conway, Clements, Wood and Cairnes.

Brief History:

Committee Activity:

Commerce & Labor: 2/25/99 [DP].

Brief Summary of Bill

- Discontinues the quarterly transfer of 30 percent of the public works administration account to the general fund. The public works administration account funds the Department of Labor and Industries' administration of the prevailing wage laws.

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass. Signed by 8 members: Representatives Clements, Republican Co-Chair; Conway, Democratic Co-Chair; B. Chandler, Republican Vice Chair; Wood, Democratic Vice Chair; Hurst; Lisk; McIntire and McMorris.

Staff: Douglas Ruth (786-7134).

Background:

The state prevailing wage law requires prevailing wages to be paid to employees on public works construction projects. All public works contracts must contain a provision requiring the payment of prevailing wages.

The Department of Labor and Industries administers the prevailing wage laws including acting as final arbitrator in prevailing wage disputes. To pay for this

administration, the department charges fees of contractors working on public works projects. Similarly, the department charges fees of parties for arbitrating disputes.

The attorney general assists in the enforcement of the prevailing wage laws, including collection of delinquent fees through legal action.

All fees collected by the department are deposited in the public works administration account. Each quarter, 30 percent of the funds in the account are transferred to the state general fund. In fiscal year 1998, the amount transferred was approximately \$470,000. Appropriations from the account, other than the money transferred, may be used only for administration of the prevailing wage laws.

The transfer of general fund revenue to a non-general fund account lowers the "601 limit".

Summary of Bill:

The quarterly transfer of 30 percent of the public works administration account to the general fund is discontinued.

Appropriations: None.

Fiscal Note: Requested on February 23, 1999.

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

Testimony For: The public administration account pays for the enforcement of prevailing wage laws. Contractors on public works projects pay fees into the account to have these laws enforced. The diversion was initiated in 1993 when the fees were doubled. The diverted funds are inappropriately going to other programs. Because of the diversion, the Department of Labor and Industries does not receive sufficient funds from the account to adequately reform the prevailing wage program. The program needs to be reformed to achieve an acceptable level of enforcement and timely processing of prevailing wage paperwork. Timely processing is important because contracting agencies may not release final payment to contractors before the paperwork is complete. Similarly, the department needs to perform more frequent wage surveys to insure employers are paying the actual prevailing wage. Retention of the funds now diverted to the general fund would allow the department to continue to reform and update their program. Because the public administration account is an appropriated account, the legislature would continue to oversee the use of these funds.

Testimony Against: None.

Testified: Rick Slunaker, Associated General Contractors; and Jim Justin, Association of Washington Cities.