

HOUSE BILL REPORT

HB 1254

As Reported by House Committee On:
Labor & Workforce Development

Title: An act relating to prevailing wage filings.

Brief Description: Addressing prevailing wage filings.

Sponsors: Representatives Manweller and Condotta.

Brief History:

Committee Activity:

Labor & Workforce Development: 1/30/13, 2/20/13 [DPS].

Brief Summary of Substitute Bill

- Prohibits the Department of Labor and Industries from collecting an affidavit certification fee from individuals or entities that are exempt from the requirement to pay prevailing wage.

HOUSE COMMITTEE ON LABOR & WORKFORCE DEVELOPMENT

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Sells, Chair; Reykdal, Vice Chair; Manweller, Ranking Minority Member; Condotta, Assistant Ranking Minority Member; Green, Holy, Moeller, Ormsby and Short.

Staff: Sara Campbell (786-7119) and Alexa Silver (786-7190).

Background:

Prevailing wages must be paid to laborers, workers, and mechanics who work on public works projects in Washington. In addition, prevailing wages must be paid on public building service maintenance contracts of the state or of any county, municipality, or political subdivision.

Prevailing wage rates are the hourly wage, usual benefits, and overtime paid to laborers, workers, and mechanics in the same trade or occupation. These rates are established through

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analysis of survey data by the Industrial Statistician at the Department of Labor and Industries (Department). The rates are calculated to determine the majority rate paid in the locality.

Before the state or political subdivision pays a public works contract or public building service maintenance contract, the contractor is required to file a "Statement of Intent to Pay Prevailing Wages" (Intent) for approval by the Industrial Statistician. Approval is not required for public works projects of less than \$2,500.

The contract employer must file an "Affidavit of Wages Paid" (Affidavit) upon completion of the contracted work in order to receive final payment from the public entity. The Affidavit must list all subcontractors hired, the number of workers the employer used from each trade, and the total amount paid for the work. There is a statutorily required filing fee of \$40 for both the Intent and Affidavit.

Workers regularly employed by the state or any political subdivision are statutorily exempted from the prevailing wage requirements. Additionally, by rule the prevailing wage requirements do not apply to: sole owners and their spouses; any partner who owns at least 30 percent of a partnership; or the president, vice president, and treasurer of a corporation if each one owns at least 30 percent of the corporation.

Summary of Substitute Bill:

The Department may not collect the certification fee for the Affidavit from individuals or entities that are exempt from the prevailing wage rate requirements.

Substitute Bill Compared to Original Bill:

The substitute bill strikes the contents of the original bill and provides that the Department may not collect the certification fee for the Affidavit from individuals or entities that are exempt from the prevailing wage rate requirements.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) People can disagree about the merits of the prevailing wage laws, but the process and the paperwork associated with the prevailing wage filings can be streamlined. There is currently an exemption for the prevailing wage rate for sole owners, but that exemption does

not apply to the filing and fee requirements. Recurring service contracts have similar problems with the filings and fees. This bill works to correct those problems by eliminating the filing and fee requirements for sole owners who are exempted from the prevailing wage rate requirements, and by allowing contractors with recurring service contracts to file the Intents and Affidavits quarterly rather than before and after each site visit. This will save small businesses a lot of time and money. The costs and the burdens imposed by the current paperwork and filing fees just do not make sense in the current prevailing wage system.

(With concerns) The Department uses the Intent and Affidavit filings to track what work is being done on public works projects in the state. Jobs can change after the initial filing of the Intent, and there may be misunderstandings about what work is covered by the prevailing wage statutes. Without the filing requirements, the Department would have no way to monitor and be sure that prevailing wage laws are being followed. Additionally, the Department is not the only agency that may require Intents and Affidavits. This sort of blanket change does not make sense in the current prevailing wage system.

(Opposed) The additional paperwork associated with the Intent and Affidavit filings may create some hardship, but it also means that there is transparency in the process. It is a good idea to provide some fee relief, but the filing requirements must stay the same for tracking purposes and for fraud detection.

Persons Testifying: (In support) Representative Manweller, prime sponsor; Kris Tefft, Association of Washington Business; and Gary Smith, Independent Business Association.

(With concerns) Tamara Jones and L. Ann Selover, Department of Labor and Industries.

(Opposed) David Meyers, Washington State Building and Construction Trades Council.

Persons Signed In To Testify But Not Testifying: None.