

SENATE BILL REPORT

SB 5061

As Reported by Senate Committee On:
Labor & Commerce, February 21, 2025

Title: An act relating to requiring wages for laborers, workers, and mechanics in public works contracts to be at least the prevailing rate of wage in effect at the time the work is performed.

Brief Description: Requiring certain wages in public works contracts to be at least the prevailing wage in effect when the work is performed.

Sponsors: Senators Conway, Saldaña, Riccelli, Lias, Valdez, Chapman, Hasegawa, Nobles, Salomon and Stanford.

Brief History:

Committee Activity: Labor & Commerce: 1/24/25, 2/21/25 [DPS-TRAN, DNP, w/oRec].

Brief Summary of First Substitute Bill

- Requires public works contracts to provide for the payment of prevailing wages at the time the work is performed.

SENATE COMMITTEE ON LABOR & COMMERCE

Majority Report: That Substitute Senate Bill No. 5061 be substituted therefor, and the substitute bill do pass and be referred to Committee on Transportation.

Signed by Senators Saldaña, Chair; Conway, Vice Chair; Alvarado, Ramos and Stanford.

Minority Report: Do not pass.

Signed by Senators MacEwen and Schoesler.

Minority Report: That it be referred without recommendation.

Signed by Senator King, Ranking Member.

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.

Staff: Jarrett Sacks (786-7448)

Background: State law requires 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 executed at the cost of the state or any municipality.

The industrial statistician of the Department of Labor and Industries (L&I) establishes the prevailing wage by adopting the hourly wage, usual benefits, and overtime established in collective bargaining agreements for those trades and occupations that have collective bargaining agreements. L&I publishes prevailing wage rates in August and February, and any updated rates take effect 30 days after publication.

The prevailing wage rate for workers is determined at the time of the prime contractor's bid due date, or the date the contract is awarded if the contract is not awarded within six months of the bid due date. The prevailing wage rate determined at that time remains the same for the life of the project.

Summary of Bill (First Substitute): Public works contracts must stipulate that the hourly minimum rate of wage for laborers, workers, or mechanics must be adjusted to provide that the wage is not less than the latest prevailing rate of wage in effect at the time the work is performed.

EFFECT OF CHANGES MADE BY LABOR & COMMERCE COMMITTEE (First Substitute):

- Removes, with regard to public works contracts requiring the wage rate paid is not less than the prevailing wage at the time the work is performed, language that references adjusting the hourly minimum rate of wage “as necessary.”

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: The bill takes effect on July 1, 2026.

Staff Summary of Public Testimony on Original Bill: *The committee recommended a different version of the bill than what was heard.* PRO: Prevailing wage is set at the time of the contract, while prices for materials and supplies are adjusted during the course of the project. Prevailing wage should be adjusted similarly. This ensures fair treatment of skilled trades workers. The bill will reduce turnover and cause projects to be finished efficiently.

Projects can last three to four years and wages may be frozen during that whole period. California has this type of wage adjustment. Apprentices are leaving programs to get an increase in pay. The bill will increase stability and allow wages to rise with inflation.

CON: The current process for determining prevailing wage creates volatility and uncertainty for contractors. This bill would be less volatile if the Legislature fixed the two collective bargaining agreement issues as well. Contractors need predictability and consistency when bidding. The bill will make it hard for small contractors to bid on projects. Change orders do not fix everything. While prevailing wage gets updated twice a year, it can change more frequently due to corrections. The bill should include the change order language from past bills. Water and sewer districts do not have general tax authority, so prevailing wage increases may be passed to consumers through rate changes.

OTHER: The bill would create a volatile bidding process and make it more difficult for small contractors, where margins are already thin. Small minority-owned businesses do not have the ability to absorb costs. There should be safeguards around change orders.

Persons Testifying: PRO: Senator Steve Conway, Prime Sponsor; Minna Long, Washington State Building & Construction Trades Council; Chris Ellis, Bricklayers and Allied Craftworkers, Local 1; John Traynor, Washington State Labor Council, AFL-CIO; Andrea Ornelas; Jesse Cervantes, Western States Regional Council of Carpenters (WSRCC); Timothy O'Donnell, IBEW 76; Pete Butler, south sound NECA chapter; Chris Herman, Washington Public Ports Association.

CON: Carolyn Logue, Associated Builders & Contractors - Inland Pacific Chapter; Scott Hazlegrove, WA Association of Sewer & Water Districts; Jerry VanderWood, Associated General Contractors (AGC); Brandon Houskeeper, Associated Builders & Contractors - Western WA.

OTHER: Paula Sardinias, WBBA.

Persons Signed In To Testify But Not Testifying: No one.