

SENATE BILL REPORT

SB 5727

As Reported by Senate Committee On:
Commerce & Labor, February 18, 2013

Title: An act relating to prevailing wages in distressed counties.

Brief Description: Addressing prevailing wages in distressed counties.

Sponsors: Senators Braun and Hewitt.

Brief History:

Committee Activity: Commerce & Labor: 2/13/13, 2/18/13 [DPS, DNP].

SENATE COMMITTEE ON COMMERCE & LABOR

Majority Report: That Substitute Senate Bill No. 5727 be substituted therefor, and the substitute bill do pass.

Signed by Senators Holmquist Newbry, Chair; Braun, Vice Chair; Hewitt and King.

Minority Report: Do not pass.

Signed by Senators Conway, Ranking Member; Hasegawa and Keiser.

Staff: Mac Nicholson (786-7445)

Background: Employers on public works projects must pay prevailing wages. The prevailing wage is the hourly wage, usual benefits, and overtime paid to the majority of workers in the same trade or occupation in the largest city of the county where the work is being performed. The prevailing wage is determined by the industrial statistician at the Department of Labor and Industries (L&I). Prevailing wage requirements apply to all public works and public building service maintenance contracts of the state or any county, municipality, or political subdivision.

Summary of Bill (Recommended Substitute): Public works projects located in distressed counties are exempt from prevailing wage requirements if at least 50 percent of the project funding comes from private sources.

Distressed counties are those with an unemployment rate that is 20 percent above the state average for the immediately previous three years.

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

A project is exempt if the county is on the distressed list at the time the bid is advertised, or for projects not subject to bidding requirements, at the time the contract is executed. A project exempt under the legislation will be exempt through completion of the project.

EFFECT OF CHANGES MADE BY COMMERCE & LABOR COMMITTEE (Recommended Substitute): The substitute clarifies that the distressed county list is the annual list compiled by the Employment Security Department. The substitute also provides that a project is exempt if the county is on the distressed list at the time the bid is advertised, or for projects not subject to bidding requirements, at the time the contract is executed. Clarifies that a project exempt under the legislation will be exempt through completion of the project.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony on Original Bill: PRO: This is a bill that will allow local communities to help themselves. Private organizations are raising private dollars to build structures to serve the community for decades. If these structures are on public land, or if the private groups want to renovate a public building, then prevailing wage rules apply and would increase costs to the project. Private organizations want to do this work and donate it to the public.

CON: Workers will be affected by driving down wages. It is easy to look up the prevailing wage rate of every craft in Washington. Workers in rural counties make less than urban counties, and if you drive the wage down in rural areas, workers will make even less. Management costs are what really increase costs of projects, not prevailing wages. There could be a gaming of the system to hold off on projects until the unemployment numbers change. Eliminating prevailing wage requirements will not help local unemployment, it will only bring in labor from other places.

OTHER: There are some technical concerns. This bill does not address when the determination is made and does not address whether the exemption remains for the duration of the project. These concerns can be worked out.

Persons Testifying: PRO: Senator Braun, prime sponsor.

CON: David Meyers, WA State Building Trades Council; Darrell Chapman, IBEW 191.

OTHER: Tamara Jones, L&I.