

# SENATE BILL REPORT

## SB 6186

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As Reported by Senate Committee On:  
Commerce & Labor, February 5, 2014

**Title:** An act relating to certain public works contracting requirements.

**Brief Description:** Concerning certain public works contracting requirements.

**Sponsors:** Senator King.

**Brief History:**

**Committee Activity:** Commerce & Labor: 2/03/14, 2/05/14 [DPS, DNP].

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### SENATE COMMITTEE ON COMMERCE & LABOR

**Majority Report:** That Substitute Senate Bill No. 6186 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 Kohl-Welles.

**Staff:** Mac Nicholson (786-7445)

**Background:** Public works projects in Washington estimated to cost at least \$1 million are subject to apprentice utilization requirements. The apprentice utilization rate is 15 percent of the labor hours on the project, though rate may be adjusted by the public agency for specified reasons including a demonstrated lack of availability of apprentices in the geographic area. For Washington State Department of Transportation (WSDOT) public works projects, the cost threshold is \$2 million.

In 2005 the Legislature directed the Secretary of Transportation to establish an apprenticeship utilization advisory committee, which was to discuss implementation of apprentice utilization requirements and report back to the Legislature by January 1, 2008.

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

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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. Prevailing wage requirements extend to offsite work, including prefabrication of non-standard items and to the the delivery of certain materials to and from the construction site.

To determine the prevailing wages, L&I conducts surveys in which employers, contractors, and labor unions are asked to submit wage and hour data. If the majority of workers in a trade or occupation in the largest city of the county are paid the same wage, that wage becomes the prevailing wage. If no single wage rate is paid to a majority of workers, an average wage is calculated and becomes the prevailing wage.

**Summary of Bill:** The bill as referred to committee not considered.

**Summary of Bill (Recommended Substitute):** For WSDOT public works projects, the cost trigger for apprentice utilization requirements is changed from \$2 million to \$4 million and the apprentice utilization rate is changed from 15 to 12 percent of the labor hours.

The language directing the Secretary of Transportation to establish an Apprenticeship Utilization Advisory Committee and report back to the Legislature by January 1, 2008, is removed.

L&I must provide registered contractors the option of completing a wage survey electronically.

Prevailing wage must be paid only to workers employed directly on the site of the public work. The provisions of the bill limiting payment of prevailing wage to workers employed directly on the site of the project must be interpreted consistent with federal law governing the application of prevailing rate of wage.

**EFFECT OF CHANGES MADE BY COMMERCE & LABOR COMMITTEE (Recommended Substitute as Passed Committee):** The substitute that passed out of committee added language to clarify that provisions of the bill limiting payment of prevailing wage to workers employed directly on the site of the project must be interpreted consistent with federal law governing the application of prevailing rate of wage.

**Appropriation:** None.

**Fiscal Note:** Available.

**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 Proposed Substitute as Heard in Committee:**  
PRO: This bill will give more flexibility to contractors for apprenticeship requirements, especially on highway work. Apprenticeship is good, and contractors support the workforce; there just needs to be more flexibility. The use of electronic filing makes sense for prevailing

wage surveys and will be beneficial to employers. The bill tries to bring back the scope of prevailing wage to a reasonable level and helps control costs. The original intent of prevailing wage was to apply it only to on-site work. It was expanded by the courts. The bill restores the original intent.

CON: The bill reduces opportunities for apprentices. Construction jobs are good family wage jobs, and people looking to get into the workforce have to start somewhere. Apprentice programs provide the opportunity for training without going into debt. This bill attempts to change the definition of locality in prevailing wage. Apprenticeship utilization saves labor costs on public works projects.

OTHER: The technical changes are supportable. L&I needs a little clarification regarding the intention of on-site work for prevailing wage. There is some language in the bill that is not necessary to implement the intent of the bill and may create some confusion. Electronic surveys do take money to implement.

**Persons Testifying:** PRO: Van Collins, Associated General Contractors.

CON: Larry Stevens, National Electrical Contractors Assn.; Don DeMulling, Iron Workers #86; David Myers, WA State Board of Community and Technical Colleges.

OTHER: Terry Tilton, NW Carpenters; Liz Smith, L&I.