

HOUSE BILL REPORT

SB 5088

As Passed House:

April 5, 2023

Title: An act relating to adding references to contractor registration and licensing laws in workers' compensation, public works, and prevailing wage statutes.

Brief Description: Adding references to contractor registration and licensing laws in workers' compensation, public works, and prevailing wage statutes.

Sponsors: Senators Keiser and King; by request of Department of Labor & Industries.

Brief History:

Committee Activity:

Labor & Workplace Standards: 3/21/23, 3/28/23 [DP].

Floor Activity:

Passed House: 4/5/23, 98-0.

Brief Summary of Bill

- Aligns certain provisions governing public works, prevailing wage, and workers' compensation with the current requirement to obtain specialty contractor licenses to perform types of work, making those provisions apply to plumbing contractors, electrical contractors, and elevator contractors.

HOUSE COMMITTEE ON LABOR & WORKPLACE STANDARDS

Majority Report: Do pass. Signed by 9 members: Representatives Berry, Chair; Fosse, Vice Chair; Robertson, Ranking Minority Member; Schmidt, Assistant Ranking Minority Member; Bronoske, Connors, Doglio, Ormsby and Ortiz-Self.

Staff: Kelly Leonard (786-7147).

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.

Background:

Public Works and Prevailing Wage.

Public works refer to all work, construction, alteration, repair, or improvement, other than ordinary maintenance, executed at the cost of the state or a municipality. State law requires competitive bidding for all public works projects. Bidders must comply with certain requirements, including maintaining a general construction contractor license and verifying subcontractors maintain required licenses. Contractors may not bid on public works if they have two or more violations of certain licensing or other requirements in the previous five years.

State law requires that prevailing wages be paid to laborers, workers, and mechanics employed in all public works and public building service maintenance contracts. The prevailing wage is established by the industrial statistician at the Department of Labor and Industries (L&I). It is calculated based on the hourly wage, usual benefits, and overtime paid in the largest city in each county, to the majority of workers, laborers, or mechanics in the same trade or occupation. Certain penalties apply to public works contractors who violate provisions requiring the prevailing rate of wage.

Workers' Compensation.

Workers who are injured or disabled in the course of employment are entitled to certain benefits through the workers' compensation program, administered by L&I. Benefits may include medical costs, temporary time-loss, vocational rehabilitation benefits, and permanent disabilities benefits.

Types of Contractor Registration and Licenses.

Contractors are required to register with L&I. In addition to registering, contractors must follow requirements relating to advertising, bonds and insurance, and other matters. Some types of work require registering as a general construction contractor, while separate registration and licensing requirements apply to specialty trades. This includes, for example, plumbing contractors, electrical contractors, and elevator contractors.

Certain statutory requirements governing public works, prevailing wage, and workers' compensation apply to general construction contractors, while others make reference to some specialty contractors. Thus, the applicability of those provisions to specialty contractors is inconsistent. In particular, the specialty contractor license for plumbing contractors was established through Senate Bill 6170 (2020), which did not modify the requirements for public works, prevailing wage, and workers' compensation to account for the shift to a specialty license. In effect, certain requirements do not apply to plumbing contractors.

Plumbing Contractors. To perform any plumbing, a contractor must register as a plumbing contractor and have at least one certified plumber as the dedicated plumber for its company. A plumbing contractor may opt to also register as a general construction or

specialty contractor in order to perform other types of work, but doing so is not required in order to perform plumbing.

Electrical Contractors. An electrical contractor license is required in order to engage in the business of doing electrical work. Electrical contractors are businesses who engage in the electrical construction business. They must have a certified electrical administrator or a master electrician designated to ensure the business follows applicable laws, rules, and regulations. Electrical contractors employ certified electricians and electrical trainees to perform the work.

Elevator Contractors. Elevator contractors are required to register under the general construction contractor laws, but must obtain an elevator contractor's license in order to employ licensed elevator mechanics and bid on public and private contracts.

Summary of Bill:

Certain public works, prevailing wage, and workers' compensation provisions are modified to include plumbing contractors, and, in some instances, are modified to include electrical and elevator contractors, in order to align those provisions.

The following apply to all types of aforementioned contractors:

- the requirement to have a valid contractor license when bidding on public works;
- the requirement to verify responsibility criteria of subcontractors, including possessing valid contractor licenses; and
- the prohibition against bidding on public works if the contractor has committed two or more violations in the previous five years, including violations under the contractor licensing provisions.

The following apply to general construction, plumbing, and electrical contractors:

- the provision allowing unpaid prevailing wages to constitute a lien against the applicable bond;
- the exception to the definition of "employer" and "worker" in the workers' compensation provisions, which exempt certain independent contractors and their subcontractors from the applicable requirements; and
- the requirements for out of state employers covering workers in Washington, prime contractor liability for workers' compensation premiums, and stop work orders for failing to secure payment of industrial insurance.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) The bill addresses some important gaps created by past legislation establishing a specialty contractor license for plumbers. It adds references across the code, ensuring that contractors will be held accountable to certain standards. This is a companion to House Bill 1309, which had the unanimous support of the Labor and Workplace Standards Committee this session.

(Opposed) None.

Persons Testifying: Tammy Fellin, Department of Labor and Industries.

Persons Signed In To Testify But Not Testifying: None.