

REVENUE: No revenue impact

FISCAL: Minimal fiscal impact, no statement issued

Action:	Do Pass
Vote:	8 - 0 - 2
Yeas:	Barton, Fagan, Holvey, Kennemer, Thatcher, Thompson, Witt, Doherty
Nays:	0
Exc.:	Matthews, Weidner
Prepared By:	Jan Nordlund, Administrator
Meeting Dates:	3/1, 3/11

WHAT THE MEASURE DOES: Permits Labor Commissioner to debar from public works contract any contractor or subcontractor that is limited liability company if member or manager of limited liability company fails to pay or post prevailing wage, fails to pay subcontractor's employees when contractor pays employee's on subcontractor's behalf, or falsifies information on certified statements. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Creation of statute before limited liability companies existed
- Current loophole for members or managers of limited liability companies to avoid debarment

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: Under current law, contractors, subcontractors, firms, corporations, partnerships, or associations can be debarred from receiving a contract or subcontract for public works for three years for various specified violations. House Bill 2545 adds limited liability companies to those who may be debarred if any member or manager of the limited liability company fails to pay or post the prevailing rate of wage, fails to pay the subcontractor's employees amounts the contractor pays on behalf of the subcontractor, or intentionally falsifies information in the certified statements.

Though there are exemptions and exceptions, public works projects means: 1) construction, reconstruction, major renovation or painting projects performed by or under contract for any public agency to serve the public interest; 2) projects using private funds and at least \$750,000 public funds for construction, reconstruction, major renovation, or painting on privately owned road, building, structure or improvement; 3) projects using private funds to construct a private road, building, structure or improvement in which a public agency will lease at least 25 percent of the square footage; and 4) solar projects constructed or installed on publicly-owned land, structure, or building, regardless of the funding source.