

HB 4154 A STAFF MEASURE SUMMARY**House Committee On Business and Labor**

Action Date: 02/14/18**Action:** Without recommendation as to passage, with amendments, and be referred to Rules.
(Printed A-Eng.)**Vote:** 6-5-0-0**Yeas:** 6 - Bynum, Doherty, Evans, Fahey, Holvey, Piluso**Nays:** 5 - Barreto, Boles, Heard, Kennemer, Wilson**Fiscal:** Has minimal fiscal impact**Revenue:** No revenue impact**Prepared By:** Jan Nordlund, LPRO Analyst

WHAT THE MEASURE DOES:

Makes general contractor liable for unpaid wages, benefit payments and other contributions due to employee of subcontractor at any tier. Allows Bureau of Labor and Industries (BOLI) to enforce wage claim against contractor as if contractor was the subcontractor who had not fully compensated the employee. Allows exclusive representative of collective bargaining unit that is owed employee's benefit payment or contribution to bring action against the contractor. Allows contractor to pay employee the amount due to the subcontractor's employees and withhold payment to the subcontractor until stated requirements are met.

ISSUES DISCUSSED:

- Lengthy process to receive wages earned when claiming a lien
- Number of wage claims received by BOLI
- Importance of selecting responsible subcontractors
- Negative impact of measure on contractors who are compliant
- Recent increase in BOLI personnel working on wage enforcement

EFFECT OF AMENDMENT:

Clarifies that it is the exclusive representative of a collective bargaining unit, as opposed to third party, who can bring action against contractor for unpaid benefit payment or contributions. Requires subcontractor, upon request of contractor, to provide payroll records of only those employees who have filed a wage claim. Requires contracts between contractors and subcontractor, and between subcontractors and lower-tier subcontractors, to include specified provisions. Allows contractor to pay employee the amount due to the subcontractor's employees and withhold payment to the subcontractor until stated requirements are met. Clarifies that provisions apply to public improvement contracts except for those that are subject to prevailing wage rate statutes.

BACKGROUND:

The Bureau of Labor and Industries received approximately 1,200 wage claims last year. It has been observed that the construction industry represents a disproportionately large share of the wage claims. On a project subject to prevailing wage rate laws, the general contractor must post a bond. It is common practice in the construction industry to have multiple tiers of subcontractors working on a project. House Bill 4154-A assigns liability to the contractor for unpaid wages, benefits and contributions of employees of subcontractors at any tier.