

HB 4154 B STAFF MEASURE SUMMARY

Carrier: Rep. Fahey

House Committee On Rules

Action Date: 02/20/18

Action: Do pass with amendments to the A-Eng bill. (Printed B-Eng.)

Vote: 5-4-0-0

Yeas: 5 - Holvey, Nosse, Rayfield, Smith Warner, Williamson

Nays: 4 - Barreto, Kennemer, McLane, Wilson

Fiscal: Has minimal fiscal impact

Revenue: No revenue impact

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WHAT THE MEASURE DOES:

Requires general contractors to cover unpaid wages, benefit payments and other contributions due to employees of subcontractors at any tier if the general contractor has not paid the subcontractor in full and there is a valid claim. Authorizes Bureau of Labor and Industries (BOLI) to enforce wage claims against contractors as if they were the subcontractor that failed to compensate the employee. Allows contractors to pay BOLI the amount due to the subcontractor's employees and withhold payment to the subcontractor until certain requirements are met.

ISSUES DISCUSSED:

- Lengthy process for employees to receive wages earned when contractor has a lien
- Number of wage claims received by BOLI
- Importance of selecting responsible subcontractors
- Negative impact on compliant contractors
- Recent increase in BOLI personnel working on wage enforcement
- Contractors requiring subcontractors to maintain a bond

EFFECT OF AMENDMENT:

Removes private right of action. 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.

BACKGROUND:

The Bureau of Labor and Industries received approximately 1,200 employee wage claims last year, of which, a disproportionately large share involved the construction industry. Contractors licensed by the Construction Contractors Board must maintain a bond which can be accessed by employees with a claim of unpaid wages. A public improvement contract must require the contractor to maintain a payment bond, and contractors and subcontractors on contracts that are subject to prevailing wage laws must also maintain a \$30,000 bond.

House Bill 4154-B assigns liability to the general contractor for unpaid wages, benefits and contributions of employees of subcontractors at any tier if the general contractor has not fully paid the subcontractor and if there is a valid claim.