

Multiple Agency Fiscal Note Summary

Bill Number: 1025 S HB	Title: Prevailing wage
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Estimated Cash Receipts

Agency Name	2013-15		2015-17		2017-19	
	GF- State	Total	GF- State	Total	GF- State	Total
Office of Attorney General	0	150,208	0	112,656	0	112,656
Total \$	0	150,208	0	112,656	0	112,656

Estimated Expenditures

Agency Name	2013-15			2015-17			2017-19		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Office of Attorney General	.6	0	150,208	.5	0	112,656	.5	0	112,656
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Department of Labor and Industries	Fiscal note not available								
Total	0.6	\$0	\$150,208	0.5	\$0	\$112,656	0.5	\$0	\$112,656

Local Gov. Courts *									
Local Gov. Other **	Fiscal note not available								
Local Gov. Total									

Estimated Capital Budget Impact

NONE

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* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

FNPID 34830

FNS029 Multi Agency rollup

Individual State Agency Fiscal Note

Bill Number: 1025 S HB	Title: Prevailing wage	Agency: 100-Office of Attorney General
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Part I: Estimates

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No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2014	FY 2015	2013-15	2015-17	2017-19
Legal Services Revolving Account-State 405-1	75,104	75,104	150,208	112,656	112,656
Total \$	75,104	75,104	150,208	112,656	112,656

Estimated Expenditures from:

	FY 2014	FY 2015	2013-15	2015-17	2017-19
FTE Staff Years	0.6	0.6	0.6	0.5	0.5
Account					
Legal Services Revolving Account-State 405-1	75,104	75,104	150,208	112,656	112,656
Total \$	75,104	75,104	150,208	112,656	112,656

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

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If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

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If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

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Capital budget impact, complete Part IV.

☐

Requires new rule making, complete Part V.

Legislative Contact: Alexa Silver	Phone: 360-786-7190	Date: 02/25/2013
Agency Preparation: Toni Ursich	Phone: (509) 456-3123	Date: 03/01/2013
Agency Approval: Brendan VanderVelde	Phone: 360 586-2104	Date: 03/01/2013
OFM Review: David Dula	Phone: (360) 902-0547	Date: 03/01/2013

Request # 13-005 B-1

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Section 1 amends RCW 39.12.010 adding definitions for the terms “subsidized public work,” “qualifying tax preference” and “subsidy recipient.”

Section 2 adds a new section to chapter 39.12 RCW, applying the requirements of this chapter to subsidized public works projects.

Section 3 amends RCW 39.12.030, adding language that makes existing statutory requirements for state agencies equally applicable to subsidy recipients and language making the statute’s requirements applicable to any public work to which “the state or any county, municipality or political subdivision created by its laws is a party.” Thus, the statute now requires contracts to include information indicating that the awarding agency or subsidy recipient has determined a project meets the definition of residential construction, and provides that the subsidy recipient, like the public agency, can be held responsible for paying the difference between the residential rate stated and the actual commercial rate if it is later determined that the work performed was commercial.

Section 4 amends RCW 39.12.040, adding language that makes existing statutory requirements for state agencies equally applicable to subsidy recipients and to subsidized public works projects, and twice striking the word “public” as a modifier for the “funds” to be disbursed under this chapter. More specifically:

Subsection 4(1) adds “subsidy recipient” to the list of public entities required to procure a statement of Intent to Pay Prevailing Wages from contractors and subcontractors prior to disbursement of funds. This section also strikes the word “public” as modifier to the word “funds.” Subsection 4(1)(b), which applies to contracts for more than \$10,000, adds language regarding subsidized public works, requiring the officer or person charged with disbursement of funds to require the contractor and each subcontractor to submit an Affidavit of Wages Paid before final payment is made to the contractor and also adds language providing that filings made of behalf of a subcontractor may not be accepted sooner than 31 days after the contract completion date on subsidized public works projects.

Subsection 4(2), which applies to public works projects of \$2,500 or less, adds “subsidy recipient” to the list of public entities that may authorize contractors or subcontractors to submit the statement of intent to pay prevailing wages directly to the officer or person charged with disbursement of funds. This section also strikes the word “public” as modifier to the word “funds.” Subsection 4(2)(b) adds language regarding subsidized public works, requiring the agency or subsidy recipient to require an affidavit of wages paid upon the contract completion date for subsidized contracts.

Section 5 amends RCW 39.12.042, adding the words “or any subsidy recipient” to the list of public entities who shall be liable to workers, laborers or mechanics for the full amount of prevailing wage requirements.

Section 6 amends RCW 39.12.050, making editing corrections and adding “section 9 of this act” to the list of statutes that authorize a lien against bonds or retainage for failure to pay prevailing wage.

Section 7 amends RCW 39.12.065. Subsection 7(2) adds “or subsidy recipient” to the entity to which the Director of

Labor and Industries (L&I) shall give notice of prevailing wage violations. Subsection 7(3), which provides for civil penalties for failure to pay prevailing wage, adds language making the subsidy recipient subject to a civil penalty in the amount of the unpaid wages or the value of the qualifying tax preference, whichever is greater, where a contractor or subcontractor on a subsidized public works project has been found to have violated the prevailing wage requirement. Language is also added providing that civil penalties shall be paid in the public works administration account; this same language is deleted from Subsection 7(3)(b). Subsection 7(3)(d) adds “section 9 of this act” to the list of statutes that authorize a lien against bonds or retainage for failure to pay prevailing wage.

Section 8 amends RCW 39.12.070 by adding “subsidy recipients” to the list of entities to whom the Department of Labor and Industries (L&I) may change fees for approving statements of intent to pay prevailing wage.

Section 9 adds a new section to chapter 39.12 RCW, requiring every contractor and subcontractor on a subsidized public works project to file with L&I a surety bond issued by an insurer who meets the requirements of chapter 48.28 RCW, in the sum of five percent of the amount due on the public works contract. Subsection 9(2) allows contractors and subcontractors to deposit five percent of the amount due on the subsidized public works project in an interest-bearing account in lieu of posting a bond.

Section 10 amends RCW 82.60.025, relating to tax deferrals, adding language that provides the lessor or owner of a qualified building is not eligible for a tax deferral unless the lessor or owner complies with the requirements of chapter 39.12 RCW.

Section 11 amends RCW 82.63.010, modifying the definition of “eligible investment project” by adding language that provides the lessor or owner of a qualified building is not eligible for a tax deferral unless the lessor or owner complies with the requirements of chapter 39.12 RCW.

Section 12 amends RCW 82.75.010, modifying the definition of “eligible investment project” by adding language that provides the lessor or owner of a qualified building is not eligible for a tax deferral unless the lessor or owner complies with the requirements of chapter 39.12 RCW.

Section 13 amends RCW 82.82.010, modifying the definition of “eligible investment project” by adding language that provides the lessor or owner of a qualified building is not eligible for a tax deferral unless the lessor or owner complies with the requirements of chapter 39.12 RCW.

Section 14 amends RCW 82.08.820, adding language that requires lessors or owners of warehouses or grain elevators to comply with the requirements of chapter 39.12 RCW in order to qualify for a remittance under this section.

Section 15 amends RCW 82.08.900, modifying the definition of “eligible person” by adding language requiring such person to comply with the requirements of chapter 39.12 RCW.

Section 16 and Section 17 amend RCW 82.08.955, adding language to require a person taking the exemption under this section to comply with the requirements of chapter 39.12 RCW.

The Attorney General’s Office (AGO) estimates a workload impact of 0.4 Assistant Attorney General (AAG) and 0.2

Office Assistant (OA) at a cost of \$75,104 in Fiscal Year (FY) 2014 and FY2015, and 0.3 AAG and 0.2 OA at a cost of \$56,328 in FY2016 and each FY thereafter. The increase in staffing is to provide legal services for expanding Prevailing Wage Act legal services and advice.

This bill is assumed effective 90 days after the end of the 2013 legislative session.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

Funds are assumed to be appropriated Legal Service Revolving Account dollars. Legal services costs incurred by the AGO will be billed through the revolving fund to the client agency.

The client agencies are assumed to be L&I and the Department of Commerce (COM). The AGO will bill L&I and COM for legal services rendered.

Please note that these cash receipts represent the AGO authority to bill and are not a direct appropriation to the AGO. The direct appropriation is reflected in the client agencies fiscal note. Appropriation authority is necessary in the AGO budget.

AGO AGENCY ASSUMPTIONS:

1. Labor & Industries Division (LNI): L&I will be billed for LNI legal services. FY2014 and in each FY thereafter: 0.2 AAG and 0.1 OA at a cost of \$37,552.
2. Agriculture and Health Division (AHD): COM will be billed for AHD legal services. FY2014 and FY2015: 0.2 AAG and 0.1 OA at a cost of \$37,552. FY2016 and in each FY thereafter: 0.1 AAG and 0.1 OA at a cost of \$18,776.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

The AGO estimates a workload impact of 0.4 AAG and 0.2 OA at a cost of \$75,104 in FY2014 and FY2015, and 0.3 AAG and 0.2 OA at a cost of \$56,328 in FY2016 and each FY thereafter.

ASSUMPTIONS FOR LNI WORKLOAD:

1. We assume we will bill L&I for legal services based on the enactment of this bill.
2. We assume this bill expands the scope of the Prevailing Wage Act and will lead to a corresponding increase in complaints, investigations, and litigation.
3. We assume a 10% increase in workload impact to existing Prevailing Wage Act legal services.

4. We assume workload impact for 0.2 AAG and 0.1 OA in FY2014 and in each FY thereafter.

ASSUMPTIONS FOR AHD WORKLOAD:

1. We assume we will bill COM for legal services based on the enactment of this bill.
2. We assume the expansion of the definition of “public work” will include residential programs, such as weatherization projects.
3. We assume this bill will require legal services to assist COM in understanding the nature of the relationships among their funding recipients and parties that will be considered “subsidy recipients.”
4. We assume legal services will be provided to assist COM in developing contract monitoring protocols as this bill requires COM to monitor contracts. An AAG will assist COM in understanding the nature of the relationships among their funding recipients and parties that will be considered “subsidy recipients.”
5. We assume workload impact for 0.2 AAG and 0.1 OA in FY2014 and FY2015, and 0.1 AAG and 0.1 OA in FY 2016 and each FY thereafter.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2014	FY 2015	2013-15	2015-17	2017-19
FTE Staff Years	0.6	0.6	0.6	0.5	0.5
A-Salaries and Wages	39,776	39,776	79,552	63,010	63,010
B-Employee Benefits	11,606	11,606	23,212	18,580	18,580
C-Professional Service Contracts					
E-Goods and Other Services	19,642	21,642	41,284	27,806	27,806
G-Travel	880	880	1,760	1,360	1,360
J-Capital Outlays	3,200	1,200	4,400	1,900	1,900
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	\$75,104	\$75,104	\$150,208	\$112,656	\$112,656

III. B - Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2014	FY 2015	2013-15	2015-17	2017-19
Assistant Attorney General	82,284	0.4	0.4	0.4	0.3	0.3
Office Assistant III	32,460	0.2	0.2	0.2	0.2	0.2
Total FTE's	114,744	0.6	0.6	0.6	0.5	0.5

III. C - Expenditures By Program (optional)

Program	FY 2014	FY 2015	2013-15	2015-17	2017-19
Agriculture & Health Division (AHD)	37,552	37,552	75,104	37,552	37,552
Labor & Industries Division (LNI)	37,552	37,552	75,104	75,104	75,104
Total \$	75,104	75,104	150,208	112,656	112,656

Part IV: Capital Budget Impact

NONE

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

None.

Department of Revenue Fiscal Note

Bill Number: 1025 S HB	Title: Prevailing wage	Agency: 140-Department of Revenue
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Part I: Estimates

☒ No Fiscal Impact

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☐ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact:	Alexa Silver	Phone: 360-786-7190	Date: 02/25/2013
Agency Preparation:	Valerie Torres	Phone: 360-534-1521	Date: 02/27/2013
Agency Approval:	Don Gutmann	Phone: 360-534-1510	Date: 02/27/2013
OFM Review:	Cherie Berthon	Phone: 360-902-0659	Date: 02/27/2013

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe, by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

This bill requires work subsidized by the public to meet the prevailing wage requirements for public contracts (chapter 39.12 RCW).

Work subsidized by the public includes taxpayers' party to the contract that use one of the following tax incentive programs:

- Sales and use tax deferral for manufacturing activities in a high unemployment county (chapter 82.60 RCW)
- Sales and use tax deferral for high technology businesses (chapter 82.63 RCW)
- Sales and use tax deferral for biotechnology and medical device manufacturing (chapter 82.75 RCW)
- Sales and use tax deferral for corporate headquarters in a community empowerment zone (chapter 82.82 RCW)
- State sales tax refund for warehouses, distribution centers, and grain elevators (RCW 82.08.820)
- Sales and use tax exemption for anaerobic digesters (RCW 82.08.900 and RCW 82.12.900)
- Sales and use tax exemption for machinery, equipment, delivery vehicles, and services related to biodiesel blend or E85 motor fuel (RCW 82.08.955 and RCW 82.12.955)

Work subsidized by the public also includes:

- work where one or more parties to the contract receive a loan from the state, a county, a city or other political subdivision

Work subsidized by the public does not include:

- Work financed by a loan provided by a housing authority;
- Affordable housing projects that receive financing from the Washington State Housing Finance Commission and are not subject to federal prevailing wage requirements.

Upon request, the Department of Labor and Industries must provide written certification that the party is in compliance with the requirements for public contracts (chapter 39.12 RCW).

The bill takes effect 90 days after final adjournment of the session in which it is enacted.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

There is no revenue impact to taxes administered by the Department of Revenue as a result of this legislation.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing

ASSUMPTIONS:

- Expenditures assume 200 taxpayers will be affected by this proposal.
- It is assume that taxpayers will be able to obtain from other agencies suitable documentation that the prevailing wage

requirement imposed by the bill has been met.

The Department of Revenue will not incur any costs with the implementation of this legislation.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

NONE

None.

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

No rule-making required.