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BIAW President Rick Hjelm Testifies on “Direct Contractor Liability” Bill

February 1, 2019



On Jan. 31, BIAW President Rick Hjelm appeared before the House Labor and Commerce Committee to testify in opposition to [House Bill 1395](#) “AN ACT relating to direct contractor liability for payment of wages and benefits,” sponsored by Representative Mike Peliciotti (D – Federal Way).

HB 1395 would allow the Department of Labor & Industries (L&I) to enforce against a “direct contractor” for unpaid wages and fringe benefits that a subcontractor fails to pay his/her employees. The bill also provides for civil actions (lawsuits) against the “direct contractor” for wages and benefits owed to the employees of subcontractors.

In his testimony, Hjelm pointed out that he often employs dozens of subcontractors on his projects, and each of those subcontractors could have multiple employees working on the project. Literally hundreds of subcontracted workers on a single project.

Under the bill, contractors like Hjelm would be required to review all of the payrolls and benefit records for each employee that set foot on the job site and determine if the worker was paid properly and benefit contributions were made to health insurance companies, retirement funds, etc.

Mr. Hjelm and other direct contractors would have no choice but to hire a full-time staff person (or persons) in order to comply with this incredibly onerous new requirement. All the while, subcontractors who fail to make appropriate wage and benefit payments would have no responsibility in the eyes of L&I – all responsibility for proper wage and benefits would fall on the “direct contractor.”

BIAW, Associated General Contractors, and others registered their strong opposition to HB 1395 which is scheduled for a committee vote Monday, Feb. 4.