

SENATE BILL REPORT

SHB 2845

AS REPORTED BY COMMITTEE ON COMMERCE & LABOR, FEBRUARY 26, 1992

Brief Description: Modifying overtime compensation for automobile salespersons.

SPONSORS: House Committee on Commerce & Labor (originally sponsored by Representatives Heavey, Lisk and Ludwig)

HOUSE COMMITTEE ON COMMERCE & LABOR

SENATE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass.

Signed by Senators Matson, Chairman; Anderson, Vice Chairman; Bluechel, McMullen, Moore, and Skratek.

Staff: Jonathan Seib (786-7427)

Hearing Dates: February 25, 1992; February 26, 1992

BACKGROUND:

Under federal and state law, employers are required to pay overtime compensation to covered employees who work more than 40 hours in a work week. Federal law exempts automobile and truck salespersons working for nonmanufacturing businesses primarily selling vehicles to ultimate purchasers. Washington law provides exemptions for salespersons, but only if the salesperson primarily works outside the employer's place of business.

In 1986, the Department of Labor and Industries authorized the automobile dealers to pay overtime for salespersons by paying either commissions or one and one-half times the base rate of pay established for a 40 hour week, whichever was greater. Recently, the department has indicated that this method of compensation is not permitted under the Washington law.

SUMMARY:

Employers of commissioned salespersons primarily engaged in the business of selling automobiles and trucks to ultimate purchasers do not violate state overtime compensation requirements with respect to these salespeople if the salespeople are paid the greater of (1) compensation at the hourly rate for hours up to 40 hours per week, plus overtime at one and one-half times the hourly rate, or (2) commissions, salaries, or salaries plus commission.

The statute is reorganized.

Appropriation: none

Revenue: none

Fiscal Note: none requested

TESTIMONY FOR:

The dealers and salespeople need to have flexibility on this issue. Failure to pass the bill will hurt some employees. Some dealers earn substantial amount on commission.

TESTIMONY AGAINST: None

TESTIFIED: Janet Cunningham, Washington State Auto Dealers Association