

SENATE BILL REPORT

HB 1328

AS REPORTED BY COMMITTEE ON LABOR & COMMERCE, MARCH 26, 1993

**Brief Description:** Setting the minimum rate of compensation for certain salespeople.

**SPONSORS:** Representatives Heavey, Riley and King

**HOUSE COMMITTEE ON COMMERCE & LABOR**

**SENATE COMMITTEE ON LABOR & COMMERCE**

**Majority Report:** Do pass.

Signed by Senators Moore, Chairman; Prentice, Vice Chairman; Amondson, Barr, Fraser, McAuliffe, Newhouse, Pelz, Prince, Sutherland, and Vognild.

**Staff:** Patrick Woods (786-7430)

**Hearing Dates:** March 25, 1993; March 26, 1993

**BACKGROUND:**

Federal and state law require employers to pay overtime compensation to covered employees who work more than 40 hours in a work week.

Under federal law, salespersons are exempt from overtime requirements if they work for non-manufacturing businesses who primarily sell automobiles, trucks, farm implements, trailers, boats, or aircraft to ultimate purchasers.

Washington law exempts salespersons from overtime requirements only if the salesperson works primarily outside the employer's place of business. However, employers of commissioned salespersons primarily engaged in selling automobiles and trucks to the ultimate purchaser do not violate state overtime compensation requirements if the salespersons are paid the greater of (1) compensation at an hourly rate, not less than the state minimum wage, 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.

**SUMMARY:**

Employers of commissioned salespersons primarily engaged in selling recreational vessels or vessel trailers, recreational vehicle trailers, recreational campers, or manufactured housing to the ultimate purchaser do not violate state overtime compensation requirements if the salespersons are paid the greater of (1) compensation at an hourly rate, not less than the state minimum wage, 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.

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** none requested

**TESTIMONY FOR:**

The bill will provide consistency between the treatment of auto/truck salespersons and those selling manufactured homes, travel trailers, and boats. Salespersons often earn considerable amounts of money during a week and calculating their overtime pay according to traditional methods is not practical or fair to the employer.

**TESTIMONY AGAINST:** None

**TESTIFIED:** Stu Halsan, Recreational Vehicle Dealers Assn.; Ron Clarke, WA Manufactured Housing Assn.; John Woodring, Jack Swanberg, NW Marine Trade Assn.; Bill Sands, Olympic Boat Centers