

FINAL BILL REPORT

SB 5570

C 324 L 97
Synopsis as Enacted

Brief Description: Expanding tax evasion penalties.

Sponsors: Senators Newhouse, Schow, Horn, Heavey, Franklin, Fraser and Oke; by request of Joint Task Force on Nonpayment of Employer Obligations.

Senate Committee on Commerce & Labor

House Committee on Commerce & Labor

Background: A significant number of potential criminal fraud cases, many involving hundreds of thousands of dollars, are routinely rejected by the AG's office because the employer never filed a quarterly report and did not, therefore, violate existing felony laws. The current statute on "failure to secure payment of compensation" makes such failure a misdemeanor with a maximum \$100 fine per day. Personnel in the Department of Labor and Industries have no recollection of anyone being prosecuted under the misdemeanor provisions. According to the Assistant Attorney General with the economic crimes unit, that unit has never prosecuted misdemeanors and local prosecutors would generally not consider a misdemeanor prosecution for this offense worth the expenditure of resources.

Summary: Misrepresentation of payroll or employee hours is subject to a civil penalty if made knowingly. The penalty of ten times the difference in premiums paid and premiums that should have been paid is made a maximum penalty.

It is a class C felony if an employer, with intent to evade premium payments, knowingly makes misrepresentations about payroll or employee hours, knowingly fails to secure payment of compensation, or knowingly fails to report payroll or employee hours.

On conviction, the court must order payment of premiums due, a penalty equal to the premiums due, and interest. The penalty is disbursed in equal amounts to the investigating agencies, the prosecuting authority, and the county in which the prosecution takes place.

The current misdemeanor penalty for willful failure to secure payment of compensation is repealed.

Votes on Final Passage:

Senate	48	0	
House	97	0	(House amended)
Senate	46	0	(Senate concurred)

Effective: July 27, 1997