

SENATE BILL REPORT

SB 5951

As Reported By Senate Committee On:
Labor, Commerce & Financial Institutions, February 4, 2002

Title: An act relating to payment of wages.

Brief Description: Increasing penalties for violations of wage payment laws.

Sponsors: Senators Prentice, Fraser, Franklin, Costa and Kline.

Brief History:

Committee Activity: Labor, Commerce & Financial Institutions: 2/22/01, 2/27/01;
2/4/02[DPS, DNP].

SENATE COMMITTEE ON LABOR, COMMERCE & FINANCIAL INSTITUTIONS

Majority Report: That Substitute Senate Bill No. 5951 be substituted therefor, and the substitute bill do pass.

Signed by Senators Prentice, Chair; Keiser, Vice Chair; Fairley, Franklin, Gardner, Rasmussen and Regala.

Minority Report: Do not pass.

Signed by Senators Benton, Hochstatter and Honeyford.

Staff: Elizabeth Mitchell (786-7430)

Background: Minimum wage laws: Under current law, an employer who pays or agrees to pay wages at a rate less than the minimum wage, or who hinders or delays the director in enforcing the payment of the minimum wage, can be found guilty of a gross misdemeanor.

If the Department of Labor and Industries finds that an employer discriminates against an employee because the employee has made a complaint about inappropriate minimum wage payment, the employer can be found guilty of a gross misdemeanor.

General wage laws: The Department of Labor and Industries may order the payment of all wages owed to workers. If an employer fails to pay a department-ordered wage claim within 30 days, the employer must pay a penalty of 10 percent of the wages owed to the worker.

If the department determines that an employer is falsely representing the ability to pay wages to workers, the department may require a bond from the employer.

Summary of Substitute Bill: Impacts on minimum wage laws: An employer who hinders or delays the director in enforcing the payment of the minimum wage is subject to a civil penalty of up to \$1000. An employer who pays or agrees to pay wages at a rate less than the minimum wage may be subject to a civil penalty equal to 20 percent of the wage violation, and is subject to a \$50 fine per violation and a \$100 fine plus 25 percent of the

wages unlawfully withheld for each subsequent or intentional wage violation. If the department issues an order to an employer to pay wages owed to a worker, and the employer does not pay all wages due within 72 hours of the order, the employer is subject to a civil penalty equal to three times the amount of wages due and not paid. An employer who willfully or repeatedly pays or agrees to pay wages at a rate less than the minimum wage is guilty of a gross misdemeanor upon conviction.

If the department finds that an employer discriminates against an employee because the employee has made a complaint about not being paid the appropriate minimum wage, the department may require the employer to reinstate the employee with back pay and interest of up to 1 percent per month.

Impacts on general wage laws: An employer must pay all wages due to a worker on the established payday for each payroll period. Employers who violate this provision are subject to the same range of civil penalties specified in the bill for employers who violate minimum wage payment laws.

The department may order the payment of all wages owed workers, including interest of up to 1 percent per month on back wages owed. If an employer fails to pay a department-ordered wage claim within 30 days, the employer must pay a penalty of 20 percent of the wages owed to the worker. A worker must take action against an employer within three years of the alleged wage violation, unless a longer period of time applies under law.

If the department determines that an employer is falsely representing the ability to pay wages to workers, or that an employer has repeatedly violated laws regarding wage payment, the department may require a bond from the employer.

Substitute Bill Compared to Original Bill: The provision that employers must pay all wages within six days of the last day of the established payroll period is eliminated. Instead, an employer must pay all wages due to a worker on the established payday for each payroll period. In addition, employers who violate this provision are subject to the same range of civil penalties specified in the bill for employers who violate minimum wage payment laws. When investigating minimum wage payment violations, the department must notify an employer that they will be coming to the worksite. If entry to the worksite is refused, the department may obtain an administrative search warrant.

Appropriation: None.

Fiscal Note: Requested on February 13, 2001.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: AWB is willing to support the civil penalties in the bill, but further clarifications are needed.

Testimony Against: None.

Testified: Clif Finch, AWB (concerns).