

SB 5926 - H AMD 570

By Representative Conway

ADOPTED 4/9/2007

1 Strike everything after the enacting clause and insert the
2 following:

3 "NEW SECTION. **Sec. 1.** The legislature finds that some current
4 estimates place the percentage of unreported employment in
5 Washington state's construction industry at between twenty percent
6 and fifty percent, although solid data on this phenomenon is not
7 readily available in Washington. The legislature also finds that
8 unreported construction employment may result in the loss of a
9 worker's employment rights and protections, including workers'
10 compensation and unemployment insurance compensation. The
11 legislature further finds that unreported construction employment
12 also could deny the state the revenues it is due, including sales
13 taxes, business and occupation taxes, and other business fees paid
14 to the state. The legislature declares that the underground
15 economy in this state may permit unfair conditions to exist against
16 persons working in the construction industry who do follow the
17 employment laws and appropriately pay taxes. It is the
18 legislature's intent to determine the extent and potential costs to
19 the state of the underground economy in the construction industry.

20 NEW SECTION. **Sec. 2.** (1) The joint legislative task force on
21 the underground economy in the Washington state construction
22 industry is established. For purposes of this section,
23 "underground economy" means contracting and construction activities
24 in which payroll is unreported or underreported with consequent
25 nonpayment of payroll taxes to federal and state agencies including
26 nonpayment of workers' compensation and unemployment compensation
27 taxes.

28 (2) The purpose of the task force is to formulate a state
29 policy to establish cohesion and transparency between state

1 agencies so as to increase the oversight and regulation of the
2 underground economy practices in the construction industry in this
3 state. To assist the task force in achieving this goal and to
4 determine the extent of and projected costs to the state and
5 workers of the underground economy in the construction industry,
6 the task force shall contract with the institute for public policy,
7 or, if the institute is unavailable, another entity with expertise
8 capable of providing such assistance.

9 (3)(a) The task force shall consist of the following members:

10 (i) The chair and ranking minority member of the senate labor,
11 commerce, research and development committee;

12 (ii) The chair and ranking minority member of the house of
13 representatives commerce and labor committee;

14 (iii) Four members representing the construction business,
15 selected from nominations submitted by statewide construction
16 business organizations and appointed jointly by the president of
17 the senate and the speaker of the house of representatives;

18 (iv) Four members representing construction laborers, selected
19 from nominations submitted by statewide labor organizations and
20 appointed jointly by the president of the senate and the speaker of
21 the house of representatives.

22 (b) In addition, the employment security department, the
23 department of labor and industries, and the department of revenue
24 shall cooperate with the task force and shall each maintain a
25 liaison representative, who is a nonvoting member of the task
26 force. The departments shall cooperate with the task force and the
27 institute for public policy, or other entity as appropriate, and
28 shall provide information and data as the task force or the
29 institute, or other entity as appropriate, may reasonably request.

30 (c) The task force shall choose its chair or cochairs from
31 among its legislative membership. The chairs of the senate labor,
32 commerce, research and development committee and the house of
33 representatives commerce and labor committee shall convene the
34 initial meeting of the task force.

35 (4)(a) The task force shall use legislative facilities and
36 staff support shall be provided by senate committee services and
37 the house of representatives office of program research. Within
38 available funding, the task force may hire additional staff with

1 specific technical expertise if such expertise is necessary to
2 carry out the mandates of this study.

3 (b) Legislative members of the task force shall be reimbursed
4 for travel expenses in accordance with RCW 44.04.120.
5 Nonlegislative members, except those representing an employer or
6 organization, are entitled to be reimbursed for travel expenses in
7 accordance with RCW 43.03.050 and 43.03.060.

8 (c) The expenses of the task force will be paid jointly by the
9 senate and house of representatives. Task force expenditures are
10 subject to approval by the senate facilities and operations
11 committee and the house of representatives executive rules
12 committee, or their successor committees.

13 (5) The task force shall report its findings and
14 recommendations to the legislature by January 1, 2008.

15 (6) This section expires July 1, 2008.

16 NEW SECTION. **Sec. 3.** This act is necessary for the immediate
17 preservation of the public peace, health, or safety, or support of
18 the state government and its existing public institutions, and
19 takes effect immediately."

20 Correct the title.

21 --- END ---

22 **EFFECT:** Allows the task force to contract with another
23 entity if the Institute for Public Policy is unavailable.
24 Makes the hiring of additional staff within available
25 funding. Adds an emergency clause.