

2SSB 6732 - H COMM AMD

By Committee on Appropriations

ADOPTED 03/05/2008

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

3 "Sec. 1. RCW 18.27.030 and 2007 c 436 s 3 are each amended to read  
4 as follows:

5 (1) An applicant for registration as a contractor shall submit an  
6 application under oath upon a form to be prescribed by the director and  
7 which shall include the following information pertaining to the  
8 applicant:

9 (a) Employer social security number.

10 (b) Unified business identifier number(~~(, if required by the~~  
11 ~~department of revenue)~~).

12 (c) Evidence of workers' compensation coverage for the applicant's  
13 employees working in Washington, as follows:

14 (i) The applicant's industrial insurance account number issued by  
15 the department;

16 (ii) The applicant's self-insurer number issued by the department;  
17 or

18 (iii) For applicants domiciled in a state or province of Canada  
19 subject to an agreement entered into under RCW 51.12.120(7), as  
20 permitted by the agreement, filing a certificate of coverage issued by  
21 the agency that administers the workers' compensation law in the  
22 applicant's state or province of domicile certifying that the applicant  
23 has secured the payment of compensation under the other state's or  
24 province's workers' compensation law.

25 (d) Employment security department number.

26 (e) (~~State excise tax registration number.~~

27 ~~(f)~~) Unified business identifier (UBI) account number may be  
28 substituted for the information required by (c) and (d) of this  
29 subsection if the applicant will not employ employees in Washington(~~(~~  
30 ~~and by (d) and (e) of this subsection)~~).

1       ~~((g))~~ (f) Type of contracting activity, whether a general or a  
2 specialty contractor and if the latter, the type of specialty.

3       ~~((h))~~ (g) The name and address of each partner if the applicant  
4 is a firm or partnership, or the name and address of the owner if the  
5 applicant is an individual proprietorship, or the name and address of  
6 the corporate officers and statutory agent, if any, if the applicant is  
7 a corporation or the name and address of all members of other business  
8 entities. The information contained in such application is a matter of  
9 public record and open to public inspection.

10       (2) The department may verify the workers' compensation coverage  
11 information provided by the applicant under subsection (1)(c) of this  
12 section, including but not limited to information regarding the  
13 coverage of an individual employee of the applicant. If coverage is  
14 provided under the laws of another state, the department may notify the  
15 other state that the applicant is employing employees in Washington.

16       (3)(a) The department shall deny an application for registration  
17 if: (i) The applicant has been previously performing work subject to  
18 this chapter as a sole proprietor, partnership, corporation, or other  
19 entity and the department has notice that the applicant has an  
20 unsatisfied final judgment against him or her in an action based on  
21 work performed subject to this chapter or the applicant owes the  
22 department money for penalties assessed or fees due under this chapter  
23 as a result of a final judgment; (ii) the applicant was an owner,  
24 principal, or officer of a partnership, corporation, or other entity  
25 that either has an unsatisfied final judgment against it in an action  
26 that was incurred for work performed subject to this chapter or owes  
27 the department money for penalties assessed or fees due under this  
28 chapter as a result of a final judgment; ~~((e))~~ (iii) the applicant  
29 does not have a valid unified business identifier number(~~, if required~~  
30 ~~by the department of revenue~~); (iv) the department determines that the  
31 applicant has falsified information on the application, unless the  
32 error was inadvertent; or (v) the applicant does not have an active and  
33 valid certificate of registration with the department of revenue.

34       (b) The department shall suspend an active registration if (i) the  
35 department has determined that the registrant has an unsatisfied final  
36 judgment against it for work within the scope of this chapter; (ii) the  
37 department has determined that the registrant is a sole proprietor or  
38 an owner, principal, or officer of a registered contractor that has an

1 unsatisfied final judgment against it for work within the scope of this  
2 chapter; (~~(e)~~) (iii) the registrant does not maintain a valid unified  
3 business identifier number(~~(, if required by the department of~~  
4 ~~revenue)~~); (iv) the department has determined that the registrant  
5 falsified information on the application, unless the error was  
6 inadvertent; or (v) the registrant does not have an active and valid  
7 certificate of registration with the department of revenue.

8 (c) The department may suspend an active registration if the  
9 department has determined that an owner, principal, partner, or officer  
10 of the registrant was an owner, principal, or officer of a previous  
11 partnership, corporation, or other entity that has an unsatisfied final  
12 judgment against it.

13 (4) The department shall not deny an application or suspend a  
14 registration because of an unsatisfied final judgment if the  
15 applicant's or registrant's unsatisfied final judgment was determined  
16 by the director to be the result of the fraud or negligence of another  
17 party.

18 **Sec. 2.** RCW 18.27.100 and 2001 c 159 s 8 are each amended to read  
19 as follows:

20 (1) Except as provided in RCW 18.27.065 for partnerships and joint  
21 ventures, no person who has registered under one name as provided in  
22 this chapter shall engage in the business, or act in the capacity, of  
23 a contractor under any other name unless such name also is registered  
24 under this chapter.

25 (2) All advertising and all contracts, correspondence, cards,  
26 signs, posters, papers, and documents which show a contractor's name or  
27 address shall show the contractor's name or address as registered under  
28 this chapter.

29 (3)(a) All advertising that shows the contractor's name or address  
30 shall show the contractor's current registration number. The  
31 registration number may be omitted in an alphabetized listing of  
32 registered contractors stating only the name, address, and telephone  
33 number: PROVIDED, That signs on motor vehicles subject to RCW  
34 46.16.010 and on-premise signs shall not constitute advertising as  
35 provided in this section. All materials used to directly solicit  
36 business from retail customers who are not businesses shall show the  
37 contractor's current registration number. A contractor shall not use

1 a false or expired registration number in purchasing or offering to  
2 purchase an advertisement for which a contractor registration number is  
3 required. Advertising by airwave transmission shall not be subject to  
4 this subsection (3)(a).

5 (b) The director may issue a subpoena to any person or entity  
6 selling any advertising subject to this section for the name, address,  
7 and telephone number provided to the seller of the advertising by the  
8 purchaser of the advertising. The subpoena must have enclosed a  
9 stamped, self-addressed envelope and blank form to be filled out by the  
10 seller of the advertising. If the seller of the advertising has the  
11 information on file, the seller shall, within a reasonable time, return  
12 the completed form to the department. The subpoena must be issued no  
13 more than two days after the expiration of the issue or publication  
14 containing the advertising or after the broadcast of the advertising.  
15 The good-faith compliance by a seller of advertising with a written  
16 request of the department for information concerning the purchaser of  
17 advertising shall constitute a complete defense to any civil or  
18 criminal action brought against the seller of advertising arising from  
19 such compliance. Advertising by airwave or electronic transmission is  
20 subject to this subsection (3)(b).

21 (4) No contractor shall advertise that he or she is bonded and  
22 insured because of the bond required to be filed and sufficiency of  
23 insurance as provided in this chapter.

24 (5) A contractor shall not falsify a registration number and use  
25 it, or use an expired registration number, in connection with any  
26 solicitation or identification as a contractor. All individual  
27 contractors and all partners, associates, agents, salesmen, solicitors,  
28 officers, and employees of contractors shall use their true names and  
29 addresses at all times while engaged in the business or capacity of a  
30 contractor or activities related thereto.

31 (6) Any advertising by a person, firm, or corporation soliciting  
32 work as a contractor when that person, firm, or corporation is not  
33 registered pursuant to this chapter is a violation of this chapter.

34 (7) An applicant or registrant who falsifies information on an  
35 application for registration commits a violation under this section.

36 (8)(a) The finding of a violation of this section by the director  
37 at a hearing held in accordance with the Administrative Procedure Act,

1 chapter 34.05 RCW, shall subject the person committing the violation to  
2 a penalty of not more than ten thousand dollars as determined by the  
3 director.

4 (b) Penalties under this section shall not apply to a violation  
5 determined to be an inadvertent error.

6 NEW SECTION. **Sec. 3.** A new section is added to chapter 39.12 RCW  
7 to read as follows:

8 A contractor shall not be allowed to bid on any public works  
9 contract for one year from the date of a final determination that the  
10 contractor has committed any combination of two of the following  
11 violations or infractions within a five-year period:

- 12 (1) Violated RCW 51.48.020(1) or 51.48.103; or
- 13 (2) Committed an infraction or violation under chapter 18.27 RCW  
14 for performing work as an unregistered contractor.

15 NEW SECTION. **Sec. 4.** A new section is added to chapter 18.27 RCW  
16 to read as follows:

17 A contractor found to have committed an infraction or violation  
18 under this chapter for performing work as an unregistered contractor  
19 shall, in addition to any penalties under this chapter, be subject to  
20 the penalties in section 3 of this act.

21 **Sec. 5.** RCW 51.16.070 and 1997 c 54 s 3 are each amended to read  
22 as follows:

23 (1)(a) Every employer shall keep at his or her place of business a  
24 record of his or her employment from which the information needed by  
25 the department may be obtained and such record shall at all times be  
26 open to the inspection of the director, supervisor of industrial  
27 insurance, or the traveling auditors, agents, or assistants of the  
28 department, as provided in RCW 51.48.040.

29 (b) An employer who contracts with another person or entity for  
30 work subject to chapter 18.27 or 19.28 RCW shall obtain and preserve a  
31 record of the unified business identifier account number for and the  
32 compensation paid to the person or entity performing the work. Failure  
33 to obtain or maintain the record is subject to RCW 39.06.010 and to a  
34 penalty under RCW 51.48.030.

1 (2) Information obtained from employing unit records under the  
2 provisions of this title shall be deemed confidential and shall not be  
3 open to public inspection (other than to public employees in the  
4 performance of their official duties), but any interested party shall  
5 be supplied with information from such records to the extent necessary  
6 for the proper presentation of the case in question: PROVIDED, That  
7 any employing unit may authorize inspection of its records by written  
8 consent.

9 **Sec. 6.** RCW 50.13.060 and 2005 c 274 s 322 are each amended to  
10 read as follows:

11 (1) Governmental agencies, including law enforcement agencies,  
12 prosecuting agencies, and the executive branch, whether state, local,  
13 or federal shall have access to information or records deemed private  
14 and confidential under this chapter if the information or records are  
15 needed by the agency for official purposes and:

16 (a) The agency submits an application in writing to the employment  
17 security department for the records or information containing a  
18 statement of the official purposes for which the information or records  
19 are needed and specific identification of the records or information  
20 sought from the department; and

21 (b) The director, commissioner, chief executive, or other official  
22 of the agency has verified the need for the specific information in  
23 writing either on the application or on a separate document; and

24 (c) The agency requesting access has served a copy of the  
25 application for records or information on the individual or employing  
26 unit whose records or information are sought and has provided the  
27 department with proof of service. Service shall be made in a manner  
28 which conforms to the civil rules for superior court. The requesting  
29 agency shall include with the copy of the application a statement to  
30 the effect that the individual or employing unit may contact the public  
31 records officer of the employment security department to state any  
32 objections to the release of the records or information. The  
33 employment security department shall not act upon the application of  
34 the requesting agency until at least five days after service on the  
35 concerned individual or employing unit. The employment security  
36 department shall consider any objections raised by the concerned

1 individual or employing unit in deciding whether the requesting agency  
2 needs the information or records for official purposes.

3 (2) The requirements of subsections (1) and (9) of this section  
4 shall not apply to the state legislative branch. The state legislature  
5 shall have access to information or records deemed private and  
6 confidential under this chapter, if the legislature or a legislative  
7 committee finds that the information or records are necessary and for  
8 official purposes. If the employment security department does not make  
9 information or records available as provided in this subsection, the  
10 legislature may exercise its authority granted by chapter 44.16 RCW.

11 (3) In cases of emergency the governmental agency requesting access  
12 shall not be required to formally comply with the provisions of  
13 subsection (1) of this section at the time of the request if the  
14 procedures required by subsection (1) of this section are complied with  
15 by the requesting agency following the receipt of any records or  
16 information deemed private and confidential under this chapter. An  
17 emergency is defined as a situation in which irreparable harm or damage  
18 could occur if records or information are not released immediately.

19 (4) The requirements of subsection (1)(c) of this section shall not  
20 apply to governmental agencies where the procedures would frustrate the  
21 investigation of possible violations of criminal laws or to the release  
22 of employing unit names, addresses, number of employees, and aggregate  
23 employer wage data for the purpose of state governmental agencies  
24 preparing small business economic impact statements under chapter 19.85  
25 RCW or preparing cost-benefit analyses under RCW 34.05.328(1) (c) and  
26 (d). Information provided by the department and held to be private and  
27 confidential under state or federal laws must not be misused or  
28 released to unauthorized parties. A person who misuses such  
29 information or releases such information to unauthorized parties is  
30 subject to the sanctions in RCW 50.13.080.

31 (5) Governmental agencies shall have access to certain records or  
32 information, limited to such items as names, addresses, social security  
33 numbers, and general information about benefit entitlement or employer  
34 information possessed by the department, for comparison purposes with  
35 records or information possessed by the requesting agency to detect  
36 improper or fraudulent claims, or to determine potential tax liability  
37 or employer compliance with registration and licensing requirements.

1 In those cases the governmental agency shall not be required to comply  
2 with subsection (1)(c) of this section, but the requirements of the  
3 remainder of subsection (1) of this section must be satisfied.

4 (6) Governmental agencies may have access to certain records and  
5 information, limited to employer information possessed by the  
6 department for purposes authorized in chapter 50.38 RCW. Access to  
7 these records and information is limited to only those individuals  
8 conducting authorized statistical analysis, research, and evaluation  
9 studies. Only in cases consistent with the purposes of chapter 50.38  
10 RCW are government agencies not required to comply with subsection  
11 (1)(c) of this section, but the requirements of the remainder of  
12 subsection (1) of this section must be satisfied. Information provided  
13 by the department and held to be private and confidential under state  
14 or federal laws shall not be misused or released to unauthorized  
15 parties subject to the sanctions in RCW 50.13.080.

16 (7) Disclosure to governmental agencies of information or records  
17 obtained by the employment security department from the federal  
18 government shall be governed by any applicable federal law or any  
19 agreement between the federal government and the employment security  
20 department where so required by federal law. When federal law does not  
21 apply to the records or information state law shall control.

22 (8) The department may provide information for purposes of  
23 statistical analysis and evaluation of the WorkFirst program or any  
24 successor state welfare program to the department of social and health  
25 services, the office of financial management, and other governmental  
26 entities with oversight or evaluation responsibilities for the program  
27 in accordance with RCW 43.20A.080. The confidential information  
28 provided by the department shall remain the property of the department  
29 and may be used by the authorized requesting agencies only for  
30 statistical analysis, research, and evaluation purposes as provided in  
31 RCW 74.08A.410 and 74.08A.420. The department of social and health  
32 services, the office of financial management, or other governmental  
33 entities with oversight or evaluation responsibilities for the program  
34 are not required to comply with subsection (1)(c) of this section, but  
35 the requirements of the remainder of subsection (1) of this section and  
36 applicable federal laws and regulations must be satisfied. The  
37 confidential information used for evaluation and analysis of welfare



1 reform supplied to the authorized requesting entities with regard to  
2 the WorkFirst program or any successor state welfare program are exempt  
3 from public inspection and copying under chapter 42.56 RCW.

4 (9) The disclosure of any records or information by a governmental  
5 agency which has obtained the records or information under this section  
6 is prohibited unless the disclosure is (a) directly connected to the  
7 official purpose for which the records or information were obtained or  
8 (b) to another governmental agency which would be permitted to obtain  
9 the records or information under subsection (4) or (5) of this section.

10 (10) In conducting periodic salary or fringe benefit studies  
11 pursuant to law, the department of personnel shall have access to  
12 records of the employment security department as may be required for  
13 such studies. For such purposes, the requirements of subsection (1)(c)  
14 of this section need not apply.

15 (11)(a) To promote the reemployment of job seekers, the  
16 commissioner may enter into data-sharing contracts with partners of the  
17 one-stop career development system. The contracts shall provide for  
18 the transfer of data only to the extent that the transfer is necessary  
19 for the efficient provisions of workforce programs, including but not  
20 limited to public labor exchange, unemployment insurance, worker  
21 training and retraining, vocational rehabilitation, vocational  
22 education, adult education, transition from public assistance, and  
23 support services. The transfer of information under contracts with  
24 one-stop partners is exempt from subsection (1)(c) of this section.

25 (b) An individual who applies for services from the department and  
26 whose information will be shared under (a) of this subsection (11) must  
27 be notified that his or her private and confidential information in the  
28 department's records will be shared among the one-stop partners to  
29 facilitate the delivery of one-stop services to the individual. The  
30 notice must advise the individual that he or she may request that  
31 private and confidential information not be shared among the one-stop  
32 partners and the department must honor the request. In addition, the  
33 notice must:

34 (i) Advise the individual that if he or she requests that private  
35 and confidential information not be shared among one-stop partners, the  
36 request will in no way affect eligibility for services;

37 (ii) Describe the nature of the information to be shared, the

1 general use of the information by one-stop partner representatives, and  
2 among whom the information will be shared;

3 (iii) Inform the individual that shared information will be used  
4 only for the purpose of delivering one-stop services and that further  
5 disclosure of the information is prohibited under contract and is not  
6 subject to disclosure under chapter 42.56 RCW; and

7 (iv) Be provided in English and an alternative language selected by  
8 the one-stop center or job service center as appropriate for the  
9 community where the center is located.

10 If the notice is provided in-person, the individual who does not  
11 want private and confidential information shared among the one-stop  
12 partners must immediately advise the one-stop partner representative of  
13 that decision. The notice must be provided to an individual who  
14 applies for services telephonically, electronically, or by mail, in a  
15 suitable format and within a reasonable time after applying for  
16 services, which shall be no later than ten working days from the  
17 department's receipt of the application for services. A one-stop  
18 representative must be available to answer specific questions regarding  
19 the nature, extent, and purpose for which the information may be  
20 shared.

21 (12) To facilitate improved operation and evaluation of state  
22 programs, the commissioner may enter into data-sharing contracts with  
23 other state agencies only to the extent that such transfer is necessary  
24 for the efficient operation or evaluation of outcomes for those  
25 programs. The transfer of information by contract under this  
26 subsection is exempt from subsection (1)(c) of this section.

27 (13) The misuse or unauthorized release of records or information  
28 by any person or organization to which access is permitted by this  
29 chapter subjects the person or organization to a civil penalty of five  
30 thousand dollars and other applicable sanctions under state and federal  
31 law. Suit to enforce this section shall be brought by the attorney  
32 general and the amount of any penalties collected shall be paid into  
33 the employment security department administrative contingency fund.  
34 The attorney general may recover reasonable attorneys' fees for any  
35 action brought to enforce this section.

36 **Sec. 7.** RCW 50.12.070 and 2007 c 146 s 1 are each amended to read  
37 as follows:

1 (1)(a) Each employing unit shall keep true and accurate work  
2 records, containing such information as the commissioner may prescribe.  
3 Such records shall be open to inspection and be subject to being copied  
4 by the commissioner or his or her authorized representatives at any  
5 reasonable time and as often as may be necessary. The commissioner may  
6 require from any employing unit any sworn or unsworn reports with  
7 respect to persons employed by it, which he or she deems necessary for  
8 the effective administration of this title.

9 (b) An employer who contracts with another person or entity for  
10 work subject to chapter 18.27 or 19.28 RCW shall obtain and preserve a  
11 record of the unified business identifier account number for and  
12 compensation paid to the person or entity performing the work. Failure  
13 to obtain or maintain the record is subject to RCW 39.06.010 and to a  
14 penalty determined by the commissioner, but not to exceed two hundred  
15 fifty dollars, to be collected as provided in RCW 50.24.120.

16 (2)(a) Each employer shall register with the department and obtain  
17 an employment security account number. Registration must include the  
18 names and social security numbers of the owners, partners, members, or  
19 corporate officers of the business, as well as their mailing addresses  
20 and telephone numbers and other information the commissioner may by  
21 rule prescribe. Registration of corporations must also include the  
22 percentage of stock ownership for each corporate officer, delineated by  
23 zero percent, less than ten percent, or ten percent or more. Any  
24 changes in the owners, partners, members, or corporate officers of the  
25 business, and changes in percentage of ownership of the outstanding  
26 shares of stock of the corporation, must be reported to the department  
27 at intervals prescribed by the commissioner under (b) of this  
28 subsection.

29 (b) Each employer shall make periodic reports at such intervals as  
30 the commissioner may by regulation prescribe, setting forth the  
31 remuneration paid for employment to workers in its employ, the full  
32 names and social security numbers of all such workers, and the total  
33 hours worked by each worker and such other information as the  
34 commissioner may by regulation prescribe.

35 (c) If the employing unit fails or has failed to report the number  
36 of hours in a reporting period for which a worker worked, such number  
37 will be computed by the commissioner and given the same force and  
38 effect as if it had been reported by the employing unit. In computing

1 the number of such hours worked, the total wages for the reporting  
2 period, as reported by the employing unit, shall be divided by the  
3 dollar amount of the state's minimum wage in effect for such reporting  
4 period and the quotient, disregarding any remainder, shall be credited  
5 to the worker: PROVIDED, That although the computation so made will  
6 not be subject to appeal by the employing unit, monetary entitlement  
7 may be redetermined upon request if the department is provided with  
8 credible evidence of the actual hours worked. Benefits paid using  
9 computed hours are not considered an overpayment and are not subject to  
10 collections when the correction of computed hours results in an invalid  
11 or reduced claim; however:

12 (i) A contribution paying employer who fails to report the number  
13 of hours worked will have its experience rating account charged for all  
14 benefits paid that are based on hours computed under this subsection;  
15 and

16 (ii) An employer who reimburses the trust fund for benefits paid to  
17 workers and fails to report the number of hours worked shall reimburse  
18 the trust fund for all benefits paid that are based on hours computed  
19 under this subsection.

20 **Sec. 8.** RCW 51.48.103 and 2003 c 53 s 283 are each amended to read  
21 as follows:

22 (1) It is a gross misdemeanor:

23 (a) For any employer to engage in business subject to this title  
24 without having obtained a certificate of coverage as provided for in  
25 this title;

26 (b) For the president, vice president, secretary, treasurer, or  
27 other officer of any company to cause or permit the company to engage  
28 in business subject to this title without having obtained a certificate  
29 of coverage as provided for in this title.

30 (2) It is a class C felony punishable according to chapter 9A.20  
31 RCW:

32 (a) For any employer to engage in business subject to this title  
33 after the employer's certificate of coverage has been revoked by order  
34 of the department;

35 (b) For the president, vice president, secretary, treasurer, or  
36 other officer of any company to cause or permit the company to engage

1 in business subject to this title after revocation of a certificate of  
2 coverage.

3 (3) An employer found to have violated this section shall, in  
4 addition to any other penalties, be subject to the penalties in section  
5 3 of this act.

6 **Sec. 9.** RCW 51.48.020 and 1997 c 324 s 1 are each amended to read  
7 as follows:

8 (1)(a) Any employer, who knowingly misrepresents to the department  
9 the amount of his or her payroll or employee hours upon which the  
10 premium under this title is based, shall be liable to the state for up  
11 to ten times the amount of the difference in premiums paid and the  
12 amount the employer should have paid and for the reasonable expenses of  
13 auditing his or her books and collecting such sums. Such liability may  
14 be enforced in the name of the department.

15 (b) An employer is guilty of a class C felony, if:

16 (i) The employer, with intent to evade determination and payment of  
17 the correct amount of the premiums, knowingly makes misrepresentations  
18 regarding payroll or employee hours; or

19 (ii) The employer engages in employment covered under this title  
20 and, with intent to evade determination and payment of the correct  
21 amount of the premiums, knowingly fails to secure payment of  
22 compensation under this title or knowingly fails to report the payroll  
23 or employee hours related to that employment.

24 (c) Upon conviction under (b) of this subsection, the employer  
25 shall be ordered by the court to pay the premium due and owing, a  
26 penalty in the amount of one hundred percent of the premium due and  
27 owing, and interest on the premium and penalty from the time the  
28 premium was due until the date of payment. The court shall:

29 (i) Collect the premium and interest and transmit it to the  
30 department of labor and industries; and

31 (ii) Collect the penalty and disburse it pro rata as follows: One-  
32 third to the investigative agencies involved; one-third to the  
33 prosecuting authority; and one-third to the general fund of the county  
34 in which the matter was prosecuted.

35 Payments collected under this subsection must be applied until  
36 satisfaction of the obligation in the following order: Premium  
37 payments; penalty; and interest.

1       (d) An employer found to have violated this subsection shall, in  
2 addition to any other penalties, be subject to the penalties in section  
3 3 of this act.

4       (2) Any person claiming benefits under this title, who knowingly  
5 gives false information required in any claim or application under this  
6 title shall be guilty of a felony, or gross misdemeanor in accordance  
7 with the theft and anticipatory provisions of Title 9A RCW.

8       **Sec. 10.** 2007 c 288 s 2 (uncodified) is amended to read as  
9 follows:

10       (1) The joint legislative task force on the underground economy in  
11 the Washington state construction industry is established. For  
12 purposes of this section, "underground economy" means contracting and  
13 construction activities in which payroll is unreported or underreported  
14 with consequent nonpayment of payroll taxes to federal and state  
15 agencies including nonpayment of workers' compensation and unemployment  
16 compensation taxes.

17       (2) The purpose of the task force is to formulate a state policy to  
18 establish cohesion and transparency between state agencies so as to  
19 increase the oversight and regulation of the underground economy  
20 practices in the construction industry in this state. To assist the  
21 task force in achieving this goal and to determine the extent of and  
22 projected costs to the state and workers of the underground economy in  
23 the construction industry, the task force shall contract with the  
24 institute for public policy, or, if the institute is unavailable,  
25 another entity with expertise capable of providing such assistance.

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

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

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

31       (iii) Four members representing the construction business, selected  
32 from nominations submitted by statewide construction business  
33 organizations and appointed jointly by the president of the senate and  
34 the speaker of the house of representatives;

35       (iv) Four members representing construction laborers, selected from  
36 nominations submitted by statewide labor organizations and appointed

1 jointly by the president of the senate and the speaker of the house of  
2 representatives.

3 (b) In addition, the employment security department, the department  
4 of labor and industries, and the department of revenue shall cooperate  
5 with the task force and shall each maintain a liaison representative,  
6 who is a nonvoting member of the task force. The departments shall  
7 cooperate with the task force and the institute for public policy, or  
8 other entity as appropriate, and shall provide information and data as  
9 the task force or the institute, or other entity as appropriate, may  
10 reasonably request.

11 (c) The task force shall choose its chair or cochairs from among  
12 its legislative membership. The chairs of the senate labor, commerce,  
13 research and development committee and the house of representatives  
14 commerce and labor committee shall convene the initial meeting of the  
15 task force.

16 (4)(a) The task force shall use legislative facilities and staff  
17 support shall be provided by senate committee services and the house of  
18 representatives office of program research. Within available funding,  
19 the task force may hire additional staff with specific technical  
20 expertise if such expertise is necessary to carry out the mandates of  
21 this study.

22 (b) Legislative members of the task force shall be reimbursed for  
23 travel expenses in accordance with RCW 44.04.120. Nonlegislative  
24 members, except those representing an employer or organization, are  
25 entitled to be reimbursed for travel expenses in accordance with RCW  
26 43.03.050 and 43.03.060.

27 (c) The expenses of the task force will be paid jointly by the  
28 senate and house of representatives. Task force expenditures are  
29 subject to approval by the senate facilities and operations committee  
30 and the house of representatives executive rules committee, or their  
31 successor committees.

32 (5) The task force shall report its preliminary findings and  
33 recommendations to the legislature by January 1, 2008, and submit a  
34 final report to the legislature by December 31, 2008.

35 (6) This section expires July 1, ((2008)) 2009.

36 NEW SECTION. **Sec. 11.** (1)(a) Three staff members, one being a

1 working supervisor, must be added to the department of labor and  
2 industries' fraud audit infraction and revenue contractor fraud team.

3 (b) The department of labor and industries and the employment  
4 security department shall hire more auditors to assist with their  
5 enforcement activities relating to the underground economy in the  
6 construction industry. At a minimum, the department of labor and  
7 industries shall hire three more auditors.

8 (2) If funds are made available in the 2008 supplemental budget,  
9 money must be dedicated to the attorney general's office to be used in  
10 the enforcement of contractor compliance cases.

11 NEW SECTION. **Sec. 12.** A new section is added to chapter 18.27 RCW  
12 to read as follows:

13 The department shall create an expanded social marketing campaign  
14 using currently available materials and newly created materials as  
15 needed. This campaign should be aimed at consumers and warn them of  
16 the risks and potential consequences of hiring unregistered contractors  
17 or otherwise assisting in the furtherance of the underground economy.  
18 The campaign may include: Providing public service announcements and  
19 other similar materials, made available in English as well as other  
20 languages, to the media and to community groups; providing information  
21 on violations and penalties; and encouraging legitimate contractors and  
22 the public to report fraud.

23 NEW SECTION. **Sec. 13.** A new section is added to chapter 43.22 RCW  
24 to read as follows:

25 (1) A pilot project must be established between the department and  
26 certain local jurisdictions to explore ways to improve the collection  
27 and sharing of building permit information. Participation must be  
28 voluntary for the local jurisdictions who participate, but one large  
29 city, some smaller cities, and at least one county are encouraged to  
30 participate.

31 (2) The department must report back to the appropriate committees  
32 of the legislature on the progress of the pilot project by November 15,  
33 2013.

34 (3) The department may adopt rules to undertake the pilot project  
35 under this section.

36 (4) This section expires December 1, 2014.



1        NEW SECTION.    **Sec. 14.**    An advisory committee must be organized by  
2 the Washington state institute for public policy with the assistance of  
3 the department of revenue, the department of labor and industries, and  
4 the employment security department, with a goal of establishing  
5 benchmarks for future monitoring of activities recommended by the task  
6 force on the underground economy in the construction industry.  
7 Benchmarks should measure the effect of task force recommendations to  
8 determine their efficiency and effectiveness and to determine if  
9 additional approaches should be explored.    Establishment of these  
10 benchmarks along with a more concerted effort to develop data that  
11 answer the baseline question of the magnitude of the problem could be  
12 discussed in a legislative extension of the task force.    The institute  
13 must provide a preliminary report to the senate labor, commerce,  
14 research and development committee and the house of representatives  
15 commerce and labor committee by December 31, 2008.

16        NEW SECTION.    **Sec. 15.**    If any part of this act is found to be in  
17 conflict with federal requirements that are a prescribed condition to  
18 the allocation of federal funds to the state, the conflicting part of  
19 this act is inoperative solely to the extent of the conflict and with  
20 respect to the agencies directly affected, and this finding does not  
21 affect the operation of the remainder of this act in its application to  
22 the agencies concerned.    Rules adopted under this act must meet federal  
23 requirements that are a necessary condition to the receipt of federal  
24 funds by the state.

25        NEW SECTION.    **Sec. 16.**    If any provision of this act or its  
26 application to any person or circumstance is held invalid, the  
27 remainder of the act or the application of the provision to other  
28 persons or circumstances is not affected.

29        NEW SECTION.    **Sec. 17.**    If specific funding for the purposes of  
30 this act, referencing this act by bill or chapter number, is not  
31 provided by June 30, 2008, in the omnibus appropriations act, this act  
32 is null and void."

33        Correct the title.

--- END ---