
SENATE BILL 5926

State of Washington 60th Legislature 2007 Regular Session

By Senators Kohl-Welles, Clements, Kastama, Weinstein, Fairley, Keiser, Marr, Tom, Murray, Oemig, Sheldon and Kline

Read first time 02/07/2007. Referred to Committee on Labor, Commerce, Research & Development.

1 AN ACT Relating to creating a joint legislative task force to
2 review the underground economy in the construction industry; creating
3 new sections; and providing an expiration date.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

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

1 It is the legislature's intent to determine the extent and potential
2 costs to the state of the underground economy in the construction
3 industry.

4 NEW SECTION. **Sec. 2.** (1) The joint legislative task force on the
5 underground economy in the Washington state construction industry is
6 established. For purposes of this section, "underground economy" means
7 contracting and construction activities in which payroll is unreported
8 or underreported with consequent nonpayment of payroll taxes to federal
9 and state agencies including nonpayment of workers' compensation and
10 unemployment compensation taxes.

11 (2) The purpose of the task force is to formulate a state policy to
12 establish cohesion and transparency between state agencies so as to
13 increase the oversight and regulation of the underground economy
14 practices in the construction industry in this state. To assist the
15 task force in achieving this goal and to determine the extent of and
16 projected costs to the state and workers of the underground economy in
17 the construction industry, the task force shall contract with the
18 institute for public policy.

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

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

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

24 (iii) Four members representing the construction business, selected
25 from nominations submitted by statewide construction business
26 organizations and appointed jointly by the president of the senate and
27 the speaker of the house of representatives;

28 (iv) Four members representing construction laborers, selected from
29 nominations submitted by statewide labor organizations and appointed
30 jointly by the president of the senate and the speaker of the house of
31 representatives.

32 (b) In addition, the employment security department, the department
33 of labor and industries, and the department of revenue shall cooperate
34 with the task force and shall each maintain a liaison representative,
35 who is a nonvoting member of the task force. The departments shall
36 cooperate with the task force and the institute for public policy and

1 shall provide information and data as the task force or the institute
2 may reasonably request.

3 (c) The task force shall choose its chair or cochairs from among
4 its legislative membership. The chairs of the senate labor, commerce,
5 research and development committee and the house of representatives
6 commerce and labor committee shall convene the initial meeting of the
7 task force.

8 (4)(a) The task force shall use legislative facilities and staff
9 support shall be provided by senate committee services and the house of
10 representatives office of program research. The task force may hire
11 additional staff with specific technical expertise if such expertise is
12 necessary to carry out the mandates of this study.

13 (b) Legislative members of the task force shall be reimbursed for
14 travel expenses in accordance with RCW 44.04.120. Nonlegislative
15 members, except those representing an employer or organization, are
16 entitled to be reimbursed for travel expenses in accordance with RCW
17 43.03.050 and 43.03.060.

18 (c) The expenses of the task force will be paid jointly by the
19 senate and house of representatives. Task force expenditures are
20 subject to approval by the senate facilities and operations committee
21 and the house of representatives executive rules committee, or their
22 successor committees.

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

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

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