

HOUSE BILL REPORT

HB 2693

As Reported by House Committee On:
Business & Financial Services

Title: An act relating to the regulation of employment agencies.

Brief Description: Concerning the regulation of employment agencies.

Sponsors: Representative Kirby; by request of Department of Licensing.

Brief History:

Committee Activity:

Business & Financial Services: 1/27/12 [DP].

Brief Summary of Bill

- Repeals the Employment Agency Act, which requires that employment agencies be licensed and regulates employment agencies' fees, contracts, and conduct with job applicants.

HOUSE COMMITTEE ON BUSINESS & FINANCIAL SERVICES

Majority Report: Do pass. Signed by 12 members: Representatives Kirby, Chair; Kelley, Vice Chair; Bailey, Ranking Minority Member; Buys, Assistant Ranking Minority Member; Blake, Condotta, Hudgins, Hurst, Kretz, Pedersen, Ryu and Stanford.

Staff: Alexa Silver (786-7190).

Background:

Under the Employment Agency Act, employment agencies must be licensed with the Department of Licensing (Department). An "employment agency" is a business that charges job applicants a fee and engages in one of the following activities: offering, promising, or attempting to procure employment for job applicants; giving information regarding where and from whom employment may be obtained; or selling a list of jobs. Excluded from the definition of "employment agency" are unions, temporary service contractors, certain schools, career guidance services, theatrical agencies, farm labor contractors, and the Washington State Employment Agency. (A "temporary service contractor" is a business that

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

directly employs individuals for the purpose of furnishing the individuals as part-time or temporary help to others.)

The Employment Agency Act imposes the following requirements on employment agencies:

- An employment agency may not charge a fee until it has referred a job applicant to an employer and the employer hires the job applicant.
- The maximum fees that an employment agency may charge a job applicant are specified in statute and represent a percentage of the applicant's wages earned. For example, for domestic employees, agricultural workers, and day laborers, the gross fee may not exceed 25 percent of the first full month's gross salary or wages.
- An employment agency's contracts and fee schedule must be approved by the Department prior to use. Required provisions of the contracts are specified in statute.
- An employment agency may not send an applicant to an interview without first obtaining a bona fide request from a prospective employer.
- An employment agency must maintain a \$2,000 surety bond.

Summary of Bill:

The Employment Agency Act is repealed. References to regulation of employment agencies are removed from other statutes.

Appropriation: None.

Fiscal Note: Requested on January 25, 2012.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) Regulation of employment agencies is no longer necessary. In 1995 there were 78 offices licensed, but today only two offices are licensed. The business model has changed from the future employee paying an employment agency to a future employer paying an employment agency. The Department receives very few complaints. The two offices that are currently licensed plan to continue their business model.

(Opposed) None.

Persons Testifying: Representative Kirby, prime sponsor; and Ralph Osgood, Department of Licensing.

Persons Signed In To Testify But Not Testifying: None.