

HOUSE BILL REPORT

SSB 5360

As Reported by House Committee On:
Labor & Workforce Development
Appropriations

Title: An act relating to the collection of unpaid wages.

Brief Description: Addressing the collection of unpaid wages.

Sponsors: Senate Committee on Commerce & Labor (originally sponsored by Senators Conway, Keiser, Hasegawa, Kohl-Welles, Frockt and Kline; by request of Department of Labor & Industries).

Brief History:

Committee Activity:

Labor & Workforce Development: 2/25/14 [DP];

Appropriations: 2/27/14, 3/1/14 [DP].

Brief Summary of Substitute Bill

- Allows the Department of Labor and Industries to electronically serve a financial institution with a Notice and Order to Withhold and Deliver for unpaid wages by providing a list of outstanding warrants to the Department of Revenue.

HOUSE COMMITTEE ON LABOR & WORKFORCE DEVELOPMENT

Majority Report: Do pass. Signed by 9 members: Representatives Sells, Chair; Reykdal, Vice Chair; Manweller, Ranking Minority Member; Condotta, Assistant Ranking Minority Member; Christian, Green, G. Hunt, Moeller and Ormsby.

Staff: Trudes Tango (786-7384).

Background:

If an employee files a wage complaint for a violation of a wage payment requirement, the Department of Labor and Industries (Department) must investigate the complaint. A "wage payment requirement" includes the requirements to pay minimum wages, overtime

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.

compensation, and final wages, and the requirement to withhold only lawful deductions from wages.

The Department must issue either a citation and notice of assessment or a determination of compliance no later than 60 days after receiving the complaint. The Department may order the employer to pay employees all wages owed, including interest of 1 percent per month. If the violation was willful, the Department may also order the employer to pay a civil penalty.

If a final order is issued and the employer defaults in paying the wages owed or the civil penalty, the Director of the Department (Director) may file a warrant with the county clerk. The amount of the warrant becomes a lien on the employer's real or personal property.

If the Director has reason to believe a third person or other entity possesses property belonging to the employer, the Director may issue to the person or entity a Notice and Order to Withhold and Deliver (NWD). The person or entity has 20 days to respond from the date the NWD is served. If the person or entity possess any property that may be subject to the Department's claim, it must promptly deliver the property to the Director.

In collecting unpaid taxes, the Department of Revenue (DOR) also issues NWDs to persons and entities having possession of property belonging to the delinquent taxpayer. The DOR may serve a NWD electronically to financial institutions, and the financial institution must answer the NWD within 30 days.

Summary of Bill:

The Department may serve a financial institution with a NWD electronically by providing a list of outstanding warrants, except those warrants for which a payment agreement is in good standing, to the DOR. The DOR may include the warrants in a NWD served on the financial institution. A financial institution served with a NWD for unpaid wages must answer the NWD within 30 days.

The Department and the DOR may adopt rules to implement this provision.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on February 20, 2014.

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) This is a wage theft bill that everyone agrees on. The fiscal impact on the Department is covered in the Senate's budget. The bill will strengthen the Department's

ability to collect unpaid wages owed to employees. Currently, the Department uses a paper process, which is slow and inefficient. The DOR already has statutory authority to use an electronic notice to withhold and deliver process. The same process should be available to the Department to collect unpaid wages.

(Opposed) None.

Persons Testifying: Senator Conway, prime sponsor; and Elizabeth Smith, Department of Labor and Industries.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass. Signed by 31 members: Representatives Hunter, Chair; Ormsby, Vice Chair; Chandler, Ranking Minority Member; Ross, Assistant Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Buys, Carlyle, Christian, Cody, Dahlquist, Dunshee, Fagan, Green, Haigh, Haler, Harris, Hudgins, G. Hunt, S. Hunt, Jinkins, Kagi, Lytton, Morrell, Parker, Pettigrew, Schmick, Seaquist, Springer, Sullivan, Taylor and Tharinger.

Staff: Melissa Palmer (786-7388).

Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On Labor & Workforce Development:

No new changes were recommended.

Appropriation: None.

Fiscal Note: Available.

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) The Department of Labor and Industries (L&I) is required to collect wages owed to workers. When a worker files a wage complaint, L&I has 60 days to complete an investigation. If it is determined through the investigation that wages are owed, L&I then reaches out to the employer. At that point in the process, about half of the wages that are owed are paid to the worker. The reason there is an impact to the State General Fund is because some of the amounts collected electronically will go to workers for unpaid wages, rather than the State General Fund. About 93 percent of the amounts L&I collects related to unpaid wages is passed through to the workers. The remaining amounts collected are related to penalties. This legislation was funded in both budget proposals.

(Opposed) None.

Persons Testifying: Tammy Fellin, Department of Labor and Industries.

Persons Signed In To Testify But Not Testifying: None.