

# SENATE BILL REPORT

## ESHB 1467

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As Reported by Senate Committee On:  
Commerce & Labor, April 3, 2013

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

**Brief Description:** Addressing the collection of unpaid wages.

**Sponsors:** House Committee on Labor & Workforce Development (originally sponsored by Representatives Green, Sells, Reykdal, Ormsby, McCoy, Van De Wege, Appleton and Bergquist; by request of Department of Labor & Industries).

**Brief History:** Passed House: 3/08/13, 98-0.

**Committee Activity:** Commerce & Labor: 4/01/13, 4/03/13 [DP-WM].

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### SENATE COMMITTEE ON COMMERCE & LABOR

**Majority Report:** Do pass and be referred to Committee on Ways & Means.

Signed by Senators Holmquist Newbry, Chair; Braun, Vice Chair; Conway, Ranking Member; Hasegawa, Hewitt, Keiser and King.

**Staff:** Mac Nicholson (786-7445)

**Background:** The Wage Payment Act allows the Department of Labor & Industries (L&I) to collect unpaid wages on behalf of workers. A worker who believes an employer owes the worker wages can file a wage complaint with L&I. Upon receipt of a wage complaint, L&I has 60 days to investigate the complaint and determine whether the employer owes wages. If L&I determines that wages are owed, a citation and notice of assessment will be issued and sent to the employer and employee. L&I can order the employer to pay wages owed, including interest, and a civil penalty if the violation was willful.

If a final order is issued and the employer defaults in payment of wages owed or the civil penalty, L&I can file a warrant with the county clerk, the amount of which becomes a lien on the employer's real or personal property.

If L&I believes any person or entity possess any property belonging to the employer, L&I can issue a notice to withhold and deliver (NWD). An NWD allows L&I to levy the employer's property held by third parties, including banks and other financial institutions. NWDs must be served personally or via certified mail. A person or entity who receives an

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NWD has 20 days to respond, and if the person or entity possesses any property subject to the claim, it must promptly deliver the property to L&I.

The Department of Revenue (DOR) also uses NWDs to secure payment of delinquent taxes. DOR is authorized to electronically serve the NWD to financial institutions.

**Summary of Bill:** L&I may electronically serve NWDs to financial institutions by providing a list of outstanding warrants to DOR. DOR must then include the L&I warrants in any NWD served by DOR.

A financial institution served with an electronic NWD must respond within 30 days.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: This bill is an efficiency piece for L&I. L&I can already issue NWDs, they just cannot do it electronically. This bill was modified based on stakeholder input, and now just deals with electronic NWDs. The language is permissive, L&I may do it, and if they do, they will do it jointly with DOR.

OTHER: Currently, DOR communicates with about 200 financial institutions electronically for NWDs and they modified the files they use for those institutions. The language as it is now allows DOR and L&I to just send a single file, which address the concern financial institutions had regarding the original bill.

**Persons Testifying:** PRO: Representative Green, prime sponsor; Tamara Jones, L&I.

OTHER: Brad Tower, Community Bankers of WA.