

# SENATE BILL REPORT

## SSB 5360

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As Passed Senate, February 12, 2014

**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:** Commerce & Labor: 2/04/13, 2/06/13, 2/03/14, 2/07/14 [DPS].  
Passed Senate: 2/12/14, 48-0.

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### SENATE COMMITTEE ON COMMERCE & LABOR

**Majority Report:** That Substitute Senate Bill No. 5360 be substituted therefor, and the substitute bill do pass.

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

**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 possesses 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.

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NWDs must be served personally or via certified mail. A person or entity who receives an 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 Substitute Bill:** L&I may electronically serve NWDs to financial institutions by providing a list of outstanding warrants to DOR. DOR may 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:**

Testimony From 2013 Regular Session.

PRO: Statistics show that 85 percent of L&I worker wage claims are resolved before a citation is given. There are 3000 workers currently who are owed \$1 million by 1600 employers. This is one more tool we can use. DOR also has the ability to do this.

CON: We have specific technical concerns that we will have to work out with L&I.

OTHER: We are working with L&I to address our concerns, but this legislation needs further work.

Testimony From 2014 Regular Session.

PRO: This is an agency-request bill. The substitute language would allow L&I to add their NWDs electronically to DOR's system. This is discretionary for DOR and allows the agencies to work out the bugs.

**Persons Testifying:**

Testimony From 2013 Regular Session.

PRO: Joel Sacks, Elizabeth Smith, L&I.

CON: Brad Tower, Community Bankers of WA, United Financial Lobby.

OTHER: Gary Smith, Independent Business Assn.

Testimony From 2014 Regular Session.

PRO: Liz Smith, L&I.