

SENATE BILL REPORT

SB 5007

As Reported by Senate Committee On:
Commerce & Labor, January 28, 2015

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

Brief Description: Concerning the regulation of employment agencies.

Sponsors: Senator Angel.

Brief History:

Committee Activity: Commerce & Labor: 1/26/15, 1/28/15 [DP, DNP].

SENATE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass.

Signed by Senators Baumgartner, Chair; Braun, Vice Chair; King and Warnick.

Minority Report: Do not pass.

Signed by Senators Hasegawa, Ranking Minority Member; Conway and Keiser.

Staff: Susan Jones (786-7404)

Background: Under the Employment Agency Act, employment agencies must be licensed with the Department of Licensing (Department). Conducting an employment agency business in this state without a license is a misdemeanor. An employment agency is generally a business that charges job applicants a fee and engages in one of the following activities: offering, promising, procuring, 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, certain schools, career guidance and counseling services, theatrical agencies, farm labor contractors, the Washington State Employment Agency, and temporary service contractors. A temporary service contractor is a business that employs individuals directly 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 refers a job applicant to an employer and the employer hires the job applicant;

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.

- The maximum fees that an employment agency may charge a job applicant are specified in statute under certain circumstances. For example the maximum gross fee chargeable to temporary domestic employees, agricultural workers, and day laborers is 25 percent of the first full month's gross salary or wages;
- Employment agency contract provisions are specified in statute and the contracts and fee schedules must be approved by the Department prior to use; and
- 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: Not requested.

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: There is no longer a need for this type of regulation. This is an outdated way to do business. Job seekers have many ways to find work without paying a fee. There are only two to three businesses that use this type of business model. The bill helps workers keep their hard-earned dollars while they look for a job. These laws must cost state government a lot to administer a program that relates to few businesses. The act is confusing to small business owners because employment agencies where the employers pay the fee may think they need to be licensed. This bill will make for cleaner, leaner government.

Persons Testifying: PRO: Senator Angel, prime sponsor; Julie Tappero, citizen.