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**Labor & Workplace Standards  
Committee**

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**HB 2171**

**Brief Description:** Concerning vested vacation or paid time off upon an employee's termination.

**Sponsors:** Representatives Santos and Sells.

**Brief Summary of Bill**

- Requires payment of unused vested vacation time or paid time off, where provided by the employer and with some exceptions, upon termination of employment.

**Hearing Date:** 1/20/20

**Staff:** Lily Smith (786-7175).

**Background:**

The Wage Payment Act establishes standards for the payment of wages. Generally, it is unlawful for an employer to withhold an employee's wages or to willfully pay an employee less than the employer is required to pay.

If the employer fails to pay an employee wages owed, the employee may file a wage complaint with the Department of Labor and Industries (Department). The Department must investigate and if it finds a violation, must issue a notice and order of assessment and may order the employer to pay employees all wages owed, including interest. The Department may also order a civil penalty if the violation was willful. An employee may pursue a private cause of action to enforce a wage claim, and may be entitled to damages.

With a limited exception, wages due to an employee upon termination of employment must be paid at the end of the established pay period. State employees employed for at least six continuous months must also be paid for any accrued vacation leave upon termination of employment.

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*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.*

**Summary of Bill:**

Upon termination of employment, employers with an established policy, practice or agreement for vacation or paid time off must pay out any unused vested time as wages at the employee's final rate. This payout must occur along with other wages due at the time of termination. Employers may not require an employee to forfeit their vested time off upon termination. These provisions do not apply to:

- state employees subject to existing requirements for vacation leave payouts; or
- employees subject to collective bargaining agreement.

Vested time off is considered wages, and an employee may bring a wage complaint to enforce these provisions.

The payout provisions apply retroactively to employees terminated on or after January 1, 2019, and employees terminated between that date and the effective date of the bill may enforce the provisions either through a wage complaint or a private cause of action.

**Appropriation:** None.

**Fiscal Note:** Requested on January 14, 2020.

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