

SENATE BILL REPORT

SB 5693

As of February 15, 2019

Title: An act relating to transparency in agricultural supply chains.

Brief Description: Creating transparency in agricultural supply chains.

Sponsors: Senators Saldaña, Keiser, Hasegawa and Das.

Brief History:

Committee Activity: Labor & Commerce: 2/15/19.

Brief Summary of Bill

- Requires certain Washington State retail sellers and manufacturers of agricultural products to make annual disclosures on their websites' homepages about their efforts with respect to their product supply chains to eradicate slavery and human trafficking, and to ensure compliance with the employment laws.
- Provides for statutory damages between \$500 and \$7,000 for violations, punitive damages for willful violations, and other relief.

SENATE COMMITTEE ON LABOR & COMMERCE

Staff: Susan Jones (786-7404)

Background: Several laws address employment standards. The Minimum Wage Act (MWA) sets forth overtime in addition to minimum wage requirements. The Industrial Welfare Act deals with wages, hours, and working conditions, including child labor, work apparel, and other matters. Under prevailing wage provisions, contractors and subcontractors on public works projects and public building service maintenance contracts must pay their workers prevailing wages. The Wage Payment Act provides for administrative or court action to collect wages under the MWA and other wage laws, as well as establishes other requirements. Under the Washington Law Against Discrimination, a person has the right to be free from discrimination related to a protected status, such as race, national origin, sex, veteran or military status, sexual orientation, and disability.

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.

Domestic employers of foreign workers and international labor recruitment agencies must provide disclosure statements to foreign workers referred to or hired by a Washington employer. The disclosure statement is not required in certain circumstances. The disclosure statement must:

- be in English or, if the worker is not fluent or literate in English, another language that is understood by the worker;
- state that the foreign worker may be considered an employee under state law, is subject to state worker health and safety laws and laws on overtime and work hours, and may be eligible for workers' compensation and unemployment insurance;
- include itemized listings of the agency's fees and the employer's intended deductions from pay for food and housing;
- state that the foreign worker has the right to control the worker's travel and labor documents at all times, with some exceptions; and
- include a list of services or a hotline a foreign worker may contact if they think they may be a victim of trafficking.

The Department of Labor and Industries has authority to and has posted a model disclosure form on its website. The department must also integrate information on assisting human trafficking victims in posters and brochures, which must include the toll-free number of the National Human Trafficking Resource Center. An employer or agency failing to provide the disclosure statement is civilly liable to the foreign worker.

In 2016, the state appropriated funds to contract with the University of Washington women's center to conduct a study to research supply chain policies related to labor practices of small, medium, and large businesses. The study was required to:

- analyze whether or not there is a correlation between supply chain management practices that protect workers from human trafficking and unsafe working conditions and higher shareholder value and market share or both;
- examine the impact of corporate sourcing practices in social media feedback and in customer satisfaction;
- provide case studies and best practices in ethical sourcing practices protecting workers;
- recommend how to evaluate and monitor supply chain management related to labor and vendor management practices of companies without bias;
- make recommendations on how the state can design legislation on global ethical sourcing practices that is comprehensive, pragmatic and enforceable; and
- be presented to the House and Senate commerce and labor committees.

The study was presented to the Senate Labor & Commerce Committee in 2019.

Summary of Bill: Every retail seller and manufacturer of agricultural products doing business in Washington State and having annual worldwide gross receipts of \$100,000 or more must:

- make an annual disclosure; and
- require its suppliers to report to them any violations of employment-related laws and incidents of slavery, peonage, and human trafficking within 30 days of the violation or incident including court or arbitration rulings, citations or other rulings by governmental agencies, and criminal convictions.

The annual disclosure must, at a minimum, state:

- the retail seller's or manufacturer's specific actions taken with respect to its product supply chains to eradicate slavery, peonage, and human trafficking; ensure compliance with the employment law obligations; and ensure workers' human rights are respected; and
- any information required to be reported from its suppliers.

The disclosure must be posted on the retail seller's or manufacturer's internet web site with a conspicuous and easily understood link to the required information placed on the business' homepage.

Failure of a supplier to report the information to the retail seller or manufacturer is a violation. Failure of a retail seller or manufacturer of agricultural products to take the required actions and make the disclosure is a violation.

Any Washington resident, without regard to whether the resident has suffered specific injury or damage, or the attorney general may commence a civil action.

If a court finds there was a violation, the court may award the plaintiff statutory damages between \$500 and \$7,000 for each violation, punitive damages for willful violations, reasonable costs and attorneys' fees, and declaratory or injunctive relief, as the court deems appropriate.

Appropriation: None.

Fiscal Note: Not requested.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: The bill takes effect on January 1, 2020.