

SENATE BILL REPORT

2SHB 1762

As Passed Senate - Amended, April 22, 2023

Title: An act relating to protecting employees of warehouses.

Brief Description: Protecting warehouse employees.

Sponsors: House Committee on Appropriations (originally sponsored by Representatives Doglio, Berry, Ramel, Fosse, Reed, Alvarado, Peterson and Pollet).

Brief History: Passed House: 4/22/23, 56-42.

Committee Activity: Labor & Commerce: 3/16/23, 3/23/23 [DPA, DNP, w/oRec].

Floor Activity: Passed Senate - Amended: 4/11/23, 29-20; 4/22/23, 28-21.

Brief Summary of Bill (As Amended by Senate)

- Requires certain warehouse distribution center employers to provide written descriptions of quotas to employees in certain circumstances.
- Provides that a violation occurs if the quota does not provide sufficient time for meal and rest breaks, or exposes workers to health and safety hazards, or violates related laws.
- Requires employers to provide information about quotas and work speeds data upon an employee's request and a request by a former employee for three years from separation.
- Prohibits retaliation, including a rebuttable presumption.
- Allows the Department of Labor and Industries to investigate complaints, enforce the requirements, including assessing penalties.

SENATE COMMITTEE ON LABOR & COMMERCE

Majority Report: Do pass as amended.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Signed by Senators Keiser, Chair; Conway, Vice Chair; Saldaña, Vice Chair; Robinson, Schoesler and Stanford.

Minority Report: Do not pass.

Signed by Senators Braun and MacEwen.

Minority Report: That it be referred without recommendation.

Signed by Senator King, Ranking Member.

Staff: Susan Jones (786-7404)

Background: Washington Industrial Safety and Health Act. Under the Washington Industrial Safety and Health Act (WISHA), an employer must provide a workplace free from recognized hazards. The Department of Labor and Industries (L&I) administers WISHA. If L&I believes an employer has committed a violation, L&I issues a citation, and, depending on the violation, may assess civil penalties. Civil penalties may be adjusted based on the employer's inspection history, the size of the workforce, and other factors. Civil penalties are mandatory for serious or willful violations.

L&I is required to classify all occupations or industries in accordance with their degree of hazard, and fix the basic rates of premium to be:

- the lowest necessary to maintain actuarial solvency of the accident and medical aid funds in accordance with recognized insurance principles; and
- designed to attempt to limit fluctuations in premium rates.

L&I has classifications for warehouses and fulfillment centers.

Summary of Amended Bill: Written Quota Description Required. Each employer must provide to each employee:

- a written description of each quota for the employee, including the quantified number of tasks to be performed or materials to be produced or handled, within the defined time period;
- any potential adverse employment action that could result from failure to meet the quota; and
- any incentives or bonus programs associated with meeting or exceeding the quota.

The written description must be understandable, in plain language, and in the employee's preferred language. L&I may adopt rules regarding the requirements for the written description.

The written description must be provided upon hire or within 30 days of the effective date. Whenever there is a change to the quota from the most recent written description provided, the employer must notify the employee verbally or in writing as soon as possible and before the employee is subject to the new quota; and provide the employee with an updated written description of each quota within two business days of the quota change. Whenever an

employer takes an adverse action against an employee for failure to meet a quota, the employer must provide that employee with the applicable quota and the personal work speed data for the employee that was the basis for the adverse action.

Prohibited Activities. A quota is a violation if the quota does not provide sufficient time for breaks, including travel time, or prevents the performance of any activity required by the employer for the employee to do the work subject to any quota.

It is a violation of the industrial safety and health act, if a quota:

- does not provide sufficient time to use the bathroom, including reasonable travel time, and to take any actions necessary for the employee to exercise the employee's right to a safe and healthful workplace;
- prevents the performance of any activity related to occupational safety and health required by the employer for the employee to do the work subject to any quota; or
- exposes an employee to occupational safety and health hazards.

An employee is not required to meet a quota that violates these provisions.

Retaliation and Rebuttable Presumption. An employer may not take any adverse action against an employee or former employee for exercising their rights related to quotas.

There is a rebuttable presumption of retaliation if an employer takes any adverse action against any employee within 90 days of the employee engaging in protected actions.

The presumption may be rebutted by a preponderance of the evidence.

Time Considered in a Quota. The time period considered in a quota, including time designated as productive time or time on task must include:

- time for rest breaks and reasonable time to travel to designated locations for rest breaks;
- reasonable travel time to on-site designated meal break locations. Meal breaks are not considered time on task or productive time unless the employee is required by the employer to remain on duty on the premises or at a prescribed worksite in the interest of the employer;
- time to perform any activity required by the employer to do the work subject to any quota;
- time to use the bathroom, including reasonable travel time; and
- time to take any actions necessary for the employee to exercise the employee's right to a safe and healthful workplace, including time to access tools or safety equipment necessary to perform the employee's duties.

Right to Information. An employee has the right to request, and the employer must provide, a written description of the quota, a copy of the employee's own personal work speed data for the prior six months, and a copy of the prior six months of aggregated work speed data

for similar employees at the same warehouse distribution center.

A former employee has the right to request, within three years subsequent to the date of their separation, a written description of the quota as of the date of their separation, a copy of the employee's own personal work speed data for the six months prior to their date of separation, and a copy of aggregated work speed data for similar employees at the same warehouse distribution center for the six months prior to their date of separation.

An employer must provide records requested under this section at no cost to the employee or former employee. An employer must provide records as soon as practicable. Requested records of written descriptions of a quota must be provided no later than two business days following receipt of the request. Requested personal work speed data and aggregated work speed data must be provided no later than seven business days following receipt of the request.

Records Retention. An employer must establish and maintain records of:

- each employee's own personal work speed data;
- aggregated work speed data for similar employees at the same warehouse distribution center; and
- written descriptions of each quota provided to an employee as required.

The records must be maintained:

- throughout each employee's employment;
- after separation, records relating to the six-month period prior to the date of the employee's separation for at least three years; and
- for at least three years if adverse action is taken failure to meet a quota. These are records relating to the basis for the adverse action.

The employer must make records available to L&I upon request.

Department of Labor and Industries Enforcement For Safety and Health Violations.

Violations related to a quota interfering with their safety and health rights must be enforced through the Industrial Safety and Health laws. An employer who fails to allow adequate inspection of records in an inspection by L&I within a reasonable time period may not use such records in any appeal to challenge the correctness of any citation and notice issued by L&I.

Complaints for Non-Safety and Health Violations, Investigations, and Penalties. If an employee files a complaint with L&I alleging a violation of other provisions, L&I must investigate the complaint. L&I may not investigate any such alleged violations that occurred more than three years before the date that the employee filed the complaint. L&I must generally investigate the complaint and issue either a citation and notice of assessment, or a closure letter within 90 days after receipt of the complaint, except when written notice of a good cause extension is provided. Upon receiving a complaint regarding

a violation, L&I may request or subpoena the records of warehouse distribution center quotas and employee work speed data. If L&I's investigation finds the employee's allegation cannot be substantiated, L&I must issue a closure letter to the employee and the employer.

L&I may initiate an investigation without an employee's complaint to ensure compliance with the law.

An employer may be subject to a civil penalty of not less than \$1,000 for each violation. An employer who is found to have violated a requirement resulting in a rest or meal period violation must pay the employee one additional hour of pay at the employee's regular rate of pay for each day there is a violation. L&I may require an employer to:

- self-audit their records;
- notify affected employees of an L&I investigation,
- and provide a corrected quota to affected employees.

L&I may allow for penalty waivers & reduction if L&I determines the employer has taken corrective action to remedy the violation. L&I must adopt rules to create a schedule of penalties for repeat violators, not to exceed \$10,000 per violation. L&I may take certain court action to enforce violations.

Procedures for appeal and collection of assessments and judgments are provided.

L&I may adopt and implement rules to carry out and enforce the provisions of this act.

Definitions. Certain terms are defined. Employer means a person who directly or indirectly, or through an agent or any other person, including through the services of a third-party employer, temporary service, or staffing agency or similar entity, employs or exercises control over the wages, hours, or working conditions of 100 or more employees at a single warehouse distribution center, or 1,000 or more employees at one or more warehouse distribution centers in the state. All employees of an employer and its affiliates are counted. Warehouse distribution center means an establishment with the following North American industry classification system codes:

- 493 for warehousing and storage, but does not include 493130 for farm product warehousing and storage;
- 423 for merchant wholesalers, durable goods;
- 424 for merchant wholesalers, nondurable goods; or
- 454110 for electronic shopping and mail-order houses.

Quota means a work performance standard under which an employee is assigned or required to perform at a specified productivity speed, or perform a quantified number of tasks, or to handle or produce a quantified amount of material, within a defined time period and under which the employee may suffer an adverse employment action if they fail to complete the performance standard.

Appropriation: None.

Fiscal Note: Available.

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

Effective Date: The bill takes effect on July 1, 2024.

Staff Summary of Public Testimony on Second Substitute House Bill: *The committee recommended a different version of the bill than what was heard.* PRO: This bill requires transparency regarding quotas. This bill requires that employers tell new hires production speed, quota, and standard expectations. It also addresses the factoring of meals and breaks into quotas. Many warehouses already have these protections through collective bargaining, this bill will extend these protections to non-union warehouses. It's clear that there are injuries associated with the fast pace of production, and if employees don't know their expected speed, they feel pressured to work as fast as possible which leads to additional injuries. Legislative intervention is necessary. This will not impact small businesses.

CON: Different warehouses have different operation standards, and there are concerns about putting quotas into statute. This bill goes beyond transparency and is an overreach of the government. Private right of action and other enforcement provisions should be removed. Trucking and delivery drivers should be excluded. This will duplicate protections about meal and rest breaks that already exist which will cause legal confusion. This bill will disrupt the supply chain. It is redundant and doesn't accomplish what it intends.

Persons Testifying: PRO: Representative Beth Doglio, Prime Sponsor; John Lund; Brenda Wiest, Teamsters Local 117; Joe Kendo, Washington State Labor Council, AFL-CIO.

CON: Katie Beeson, Washington Food Industry Association (WFIA); Bruce Beckett, Washington Retail Association; Bob Battles, Association of Washington Business (AWB); Brandon Houskeeper, NW Grocery Assoc.; Sheri Call, Washington Trucking Associations.

Persons Signed In To Testify But Not Testifying: No one.