

CERTIFICATION OF ENROLLMENT

**SENATE BILL 5570**

Chapter 324, Laws of 1997

55th Legislature  
1997 Regular Session

TAX EVASION BY EMPLOYERS--PENALTIES

EFFECTIVE DATE: 7/27/97

Passed by the Senate April 21, 1997  
YEAS 46 NAYS 0

BRAD OWEN

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**President of the Senate**

Passed by the House April 9, 1997  
YEAS 97 NAYS 0

CLYDE BALLARD

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**Speaker of the  
House of Representatives**

Approved May 12, 1997

CERTIFICATE

I, Mike O Connell, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SENATE BILL 5570** as passed by the Senate and the House of Representatives on the dates hereon set forth.

MIKE O'CONNELL

\_\_\_\_\_  
**Secretary**

FILED

May 12, 1997 - 3:34 p.m.

GARY LOCKE

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**Governor of the State of Washington**

**Secretary of State  
State of Washington**

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SENATE BILL 5570

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AS AMENDED BY THE HOUSE

Passed Legislature - 1997 Regular Session

State of Washington                      55th Legislature                      1997 Regular Session

By Senators Newhouse, Schow, Horn, Heavey, Franklin, Fraser and Oke; by request of Joint Task Force on Nonpayment of Employer Obligations

Read first time 01/31/97. Referred to Committee on Commerce & Labor.

1            AN ACT Relating to tax evasion; amending RCW 51.48.020; repealing  
2 RCW 51.48.015; and prescribing penalties.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4            **Sec. 1.** RCW 51.48.020 and 1995 c 160 s 4 are each amended to read  
5 as follows:

6            (1)(a) Any employer, who knowingly misrepresents to the department  
7 the amount of his or her payroll or employee hours upon which the  
8 premium under this title is based, shall be liable to the state ~~((in))~~  
9 for up to ten times the amount of the difference in premiums paid and  
10 the amount the employer should have paid and for the reasonable  
11 expenses of auditing his or her books and collecting such sums. Such  
12 liability may be enforced in the name of the department.

13            (b) An employer is guilty of a class C felony, if((such)):

14            (i) The employer, with intent to evade determination and payment of  
15 the correct amount of the premiums, knowingly makes misrepresentations  
16 ~~((are made knowingly, an employer shall also be guilty of a felony, or~~  
17 ~~gross misdemeanor in accordance with the theft and anticipatory~~  
18 ~~provisions of Title 9A RCW)) regarding payroll or employee hours; or~~

1       (ii) The employer engages in employment covered under this title  
2 and, with intent to evade determination and payment of the correct  
3 amount of the premiums, knowingly fails to secure payment of  
4 compensation under this title or knowingly fails to report the payroll  
5 or employee hours related to that employment.

6       (c) Upon conviction under (b) of this subsection, the employer  
7 shall be ordered by the court to pay the premium due and owing, a  
8 penalty in the amount of one hundred percent of the premium due and  
9 owing, and interest on the premium and penalty from the time the  
10 premium was due until the date of payment. The court shall:

11       (A) Collect the premium and interest and transmit it to the  
12 department of labor and industries; and

13       (B) Collect the penalty and disburse it pro rata as follows: One-  
14 third to the investigative agencies involved; one-third to the  
15 prosecuting authority; and one-third to the general fund of the county  
16 in which the matter was prosecuted.

17       Payments collected under this subsection must be applied until  
18 satisfaction of the obligation in the following order: Premium  
19 payments; penalty; and interest.

20       (2) Any person claiming benefits under this title, who knowingly  
21 gives false information required in any claim or application under this  
22 title shall be guilty of a felony, or gross misdemeanor in accordance  
23 with the theft and anticipatory provisions of Title 9A RCW.

24       NEW SECTION. Sec. 2. RCW 51.48.015 and 1971 ex.s. c 289 s 62 are  
25 each repealed.

Passed the Senate April 21, 1997.

Passed the House April 9, 1997.

Approved by the Governor May 12, 1997.

Filed in Office of Secretary of State May 12, 1997.