

# HOUSE BILL ANALYSIS

## HB 2756

**Brief Description:** Requiring that staffing agencies disclose their pay rate.

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**Sponsors:** Representatives Conway and Clements

**Hearing:** January 31, 2000

### Brief Summary of Bill

- Staffing agencies must provide information to their employees on rates paid by employer clients for services provided by the staffing agency employees.

### BACKGROUND:

Changing labor market conditions are changing the models of employment practices. Alternatives are developing to the model of a full-time, permanent workforce with an array of benefits employed by the employer receiving the employee's services.

Alternative employment models include a temporary staffing agency or business that employs workers who perform work for a third party employer who supervises their work. The staffing agency may provide a range of services for the client employer including issuing payroll checks and paying other employer benefit charges. Workers under this model tend to be temporary or part-time workers. They may or may not receive benefits such as health benefits, paid holidays, retirement benefits or other employee benefits. Their rate of pay may be different from that of permanent employees with whom they work.

Staffing agencies are not required to disclose to employees hired to perform work for a third party employer, the amount received by the agency from the client employer for the services performed by the employees of the staffing agency.

The Department of Labor and Industries monitors and enforces laws that establish employment standards related to working conditions.

**SUMMARY OF BILL:**

A staffing agency is an employer who employs workers for the purpose of providing services to third persons who supervise and direct the work.

Staffing agencies must provide written notification each pay period to its employees of the rate paid by the recipient of the employee's services to the staffing agency for work performed by the employee and any other services performed with respect to the employee.

A temporary service contractor that violates this disclosure requirement is subject to a civil penalty of \$250 per employee, per violation, for the first violation. The amount of the penalty increases to \$500 per employee, per violation, for subsequent violations. The director of the Department of Labor and Industries may not assess a fine against a temporary service contractor whose first violation is inadvertent or a result of a clerical error.

**RULES AUTHORITY:** The bill does not contain provisions addressing the rule making powers of an agency.

**FISCAL NOTE:** Not requested.

**EFFECTIVE DATE:** Ninety days after adjournment of a session in which bill is passed.