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**HOUSE BILL 1601**

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**State of Washington**

**66th Legislature**

**2019 Regular Session**

**By** Representatives Stonier, Sells, Appleton, Doglio, Ortiz-Self, Jinkins, Valdez, Hudgins, Pollet, Stanford, and Macri

Read first time 01/25/19. Referred to Committee on Labor & Workplace Standards.

1 AN ACT Relating to creating the universal worker protections act;  
2 amending RCW 39.12.010, 49.46.010, 49.46.010, 50.04.100, 50.04.298,  
3 50.12.070, 51.08.070, 51.08.180, and 51.12.020; reenacting and  
4 amending RCW 49.48.082; adding a new section to chapter 39.12 RCW;  
5 adding new sections to chapter 49.52 RCW; adding a new section to  
6 chapter 49.48 RCW; adding a new section to chapter 49.46 RCW; adding  
7 a new section to chapter 50.04 RCW; adding a new section to chapter  
8 51.12 RCW; adding new chapters to Title 49 RCW; creating a new  
9 section; repealing RCW 39.12.100, 50.04.140, 50.04.145, 51.08.181,  
10 and 51.08.195; prescribing penalties; providing effective dates; and  
11 providing expiration dates.

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

13 **EMPLOYEE FAIR CLASSIFICATION ACT**

14 NEW SECTION. **Sec. 1.** The legislature finds that underground  
15 economic activity in this state results in millions of dollars of  
16 lost revenue to the state and is unfair to workers and law-abiding  
17 businesses. Misclassification is workplace fraud. Theft of wages by  
18 employers through misclassification is a significant problem,  
19 particularly in low-wage industries. The legislature intends to  
20 improve compliance with wage-related and employment-related benefit

1 laws to help address the problems of the underground economy, level  
2 the playing field for honest employers and contractors, and protect  
3 workers.

4 NEW SECTION. **Sec. 2.** This chapter may be known and cited as the  
5 employee fair classification act.

6 NEW SECTION. **Sec. 3.** The definitions in this section apply  
7 throughout this chapter unless the context clearly requires  
8 otherwise.

9 (1) "Department" means the department of labor and industries.

10 (2) "Director" means the director of the department of labor and  
11 industries or the director's authorized representative.

12 (3) "Employ" means to suffer or permit to work.

13 (4)(a) "Employee" means a person, including a helper, who  
14 performs labor or services for an employer, and includes workers,  
15 laborers, and mechanics under RCW 39.12.010. A person may be an  
16 employee of two or more employers at the same time.

17 (b) "Employee" does not include an independent contractor as  
18 defined by subsection (8) of this section.

19 (c) "Employee" also does not include, for purposes of sections 5,  
20 6, 7, and 8 of this act only:

21 (i) Any individual employed in casual labor in or about a private  
22 home, unless performed in the course of the employer's trade,  
23 business, or profession;

24 (ii) Any individual employed in the capacity of an outside  
25 salesperson paid solely by way of commission, as defined and  
26 delimited by the director.

27 (iii) Any individual engaged in the activities of an educational,  
28 charitable, religious, state or local governmental body or agency, or  
29 nonprofit organization where the employer-employee relationship does  
30 not in fact exist or where the services are rendered to such  
31 organizations gratuitously. If the individual receives reimbursement  
32 in lieu of compensation for normally incurred out-of-pocket expenses  
33 or receives a nominal amount of compensation per unit of voluntary  
34 service rendered, an employer-employee relationship is deemed not to  
35 exist for the purpose of this section or for purposes of membership  
36 or qualification in any state, local government, or publicly  
37 supported retirement system other than that provided under chapter  
38 41.24 RCW;

1 (iv) Any individual employed full time by any state or local  
2 governmental body or agency who provides voluntary services but only  
3 with regard to the provision of the voluntary services. The voluntary  
4 services and any compensation therefor shall not affect or add to  
5 qualification, entitlement, or benefit rights under any state, local  
6 government, or publicly supported retirement system other than that  
7 provided under chapter 41.24 RCW;

8 (v) Any newspaper vendor, carrier, or delivery person selling or  
9 distributing newspapers on the street, to offices, to businesses, or  
10 from house to house and any freelance news correspondent or  
11 "stringer" who, using his or her own equipment, chooses to submit  
12 material for publication for free or a fee when such material is  
13 published;

14 (vi) Any carrier subject to regulation by part 1 of the  
15 interstate commerce act;

16 (vii) Any individual engaged in forest protection and fire  
17 prevention activities;

18 (viii) Any individual employed by any charitable institution  
19 charged with child care responsibilities engaged primarily in the  
20 development of character or citizenship or promoting health or  
21 physical fitness or providing or sponsoring recreational  
22 opportunities or facilities for young people or members of the armed  
23 forces of the United States;

24 (ix) Any resident, inmate, or patient of a state, county, or  
25 municipal correctional, detention, treatment, or rehabilitative  
26 institution;

27 (x) Any individual who holds a public elective or appointive  
28 office of the state, any county, city, town, municipal corporation or  
29 quasi-municipal corporation, political subdivision, or any  
30 instrumentality thereof, or any employee of the state legislature;

31 (xi) All vessel operating crews of the Washington state ferries  
32 operated by the department of transportation;

33 (xii) Any individual employed as a seaman on a vessel other than  
34 an American vessel; or

35 (xiii) Any farm intern providing his or her services to a small  
36 farm that has a special certificate issued under RCW 49.12.470.

37 (5) (a) "Employer" means any of the following that employ a  
38 person: (i) An individual; (ii) any form of business entity, or the  
39 receiver, trustee, or successor of a business entity; (iii) an  
40 administrator or executor of an estate; or (iv) the state or any

1 agency, instrumentality, or political subdivision of the state.  
2 "Employer" includes an individual or entity that acts directly or  
3 indirectly in the interest of an employer in relation to employing a  
4 person. More than one entity may be the "employer," including in  
5 circumstances where one entity controls, is controlled by, or is  
6 under common control with another employer, or where one entity  
7 exerts control over the operations of another employer.

8 (b) "Employer" does not include agencies, authorities, or  
9 instrumentalities of the United States, its possessions and  
10 territories, the commonwealth of Puerto Rico, or the District of  
11 Columbia.

12 (6) "Front pay" means the compensation the employee would earn if  
13 reinstated to his or her former position.

14 (7) "Helper" means an individual engaged by an employee to  
15 perform work in the employer's usual course of business. The employer  
16 of the employee is the employer of the "helper."

17 (8) (a) "Independent contractor" means an individual who performs  
18 labor or services for a party when all of the following elements are  
19 established:

20 (i) The individual is and will continue to be free from control  
21 or direction over the performance of the labor or services by the  
22 party for whom the labor or services are performed, both under the  
23 contract of labor or service and in fact. Control or direction  
24 includes the right to control or direct as well as general control or  
25 direction over the individual's physical activities; and

26 (ii) The labor or service is outside the usual course of business  
27 for which the labor or service is performed; and

28 (iii) The individual is customarily engaged in an independently  
29 established trade, occupation, business, or profession of the same  
30 nature as that involved in the contract of labor or service, for  
31 which the individual independently establishes the price of the  
32 individual's labor or service; and

33 (iv) On the effective date of service, the individual is  
34 responsible for filing at the next applicable filing period, both  
35 under the contract of service and in fact, a schedule of expenses  
36 with the internal revenue service for the type of business the  
37 individual is conducting; and

38 (v) On the effective date of service, or within a reasonable  
39 period after the effective date of service, the individual has an  
40 active and valid account with the department of revenue and other

1 state agencies as required by the particular case, for the business  
2 the individual is conducting, for the payment of all state taxes  
3 normally paid by employers and businesses and has registered for and  
4 received a unified business identifier number from the state of  
5 Washington; and

6 (vi) On the effective date of service, the individual is  
7 maintaining a separate set of books or records that reflect all items  
8 of income and expenses of the business that the individual is  
9 conducting; and

10 (vii) If the individual is performing services that require  
11 registration under chapter 18.27 RCW or licensing under chapter 19.28  
12 RCW for remuneration under an independent contract, on the effective  
13 date of the contract for services the individual has a valid  
14 contractor registration under chapter 18.27 RCW or an electrical  
15 contractor license under chapter 19.28 RCW.

16 (b) In determining whether an individual is an independent  
17 contractor, acts taken by an employer to comply with local, state, or  
18 federal laws or regulations may not be considered as proof of  
19 independent contractor status.

20 (9) "Misclassification" means designating an employee as a  
21 nonemployee of the employer.

22 (10)(a) "Pattern or practice" means that, in addition to the  
23 current violation, within the previous ten years the employer was:

24 (i) Convicted of a criminal violation of a state or local law  
25 concerning nonpayment of wages;

26 (ii) Subject to a court order entering final judgment for a  
27 violation of this chapter or chapter 39.12, 49.46, 49.48, or 49.52  
28 RCW, and the judgment was not satisfied or current within thirty days  
29 of the later of: (A) The expiration of the time for appealing the  
30 order; or (B) if a timely appeal was made, the date of the final  
31 resolution of the appeal; or

32 (iii) Due to a previous violation, subject to a final and binding  
33 citation and notice of assessment from the department for a violation  
34 of this chapter or chapter 39.12 or 49.48 RCW, or a final  
35 determination of violation of chapter 39.12 RCW, and the citation,  
36 determination, and penalty was not satisfied or current within thirty  
37 days of the date the citation or determination became final and  
38 binding.

39 (b) For purposes of this subsection (10), an employer includes a  
40 successor employer, as defined in RCW 49.48.082.

1 (11) "Person" means a natural person, firm, partnership,  
2 corporation, association, or organization.

3 (12) "Willful" means a knowing and intentional action that is  
4 neither accidental nor the result of a bona fide dispute.

5 NEW SECTION. **Sec. 4.** (1) An employer-employee relationship  
6 exists when an individual performs labor or services for another  
7 individual or entity. The party asserting that an individual is not  
8 an employee must establish by a preponderance of the evidence that  
9 the individual is an independent contractor or is otherwise not an  
10 employee under this chapter.

11 (2) A general contractor is not responsible for violations of an  
12 independent contractor or subcontractor under this chapter unless the  
13 general contractor exerts substantial control over the day-to-day  
14 work of the independent contractor or subcontractor. For purposes of  
15 this subsection:

16 (a) "General contractor" means the contractor required to be  
17 registered under chapter 18.27 RCW or licensed under chapter 19.28  
18 RCW whose business operations for a project require the use of more  
19 than one building trade or craft upon a single job or project, under  
20 a single building permit, and who has responsibility to superintend  
21 the project as a whole.

22 (b) "Subcontractor" means a contractor who engages in a business  
23 that is required to be registered under chapter 18.27 RCW or licensed  
24 under chapter 19.28 RCW and who is not a general contractor.

25 NEW SECTION. **Sec. 5.** (1) An employer may not willfully  
26 misclassify an employee as an independent contractor.

27 (2) A person may not charge an employee who has been  
28 misclassified as an independent contractor a fee, or make any  
29 deductions from compensation for any purpose, including for goods,  
30 materials, space rental, services, government licenses, repair,  
31 equipment maintenance, or fines arising from the employment where any  
32 of the acts would have violated the law if the individual had not  
33 been misclassified.

34 (3) A person may not require or request an employee to enter into  
35 an agreement or sign a document that results in the misclassification  
36 of the employee as an independent contractor or otherwise does not  
37 accurately reflect the employee's relationship with the employer.

1 (4) A person may not perform the following acts for the purpose  
2 of facilitating or evading detection of a violation of this chapter:

3 (a) Form, assist in, or induce the formation of a corporation,  
4 partnership, limited liability company, or other business entity; or

5 (b) Pay or collect a fee for use of a foreign or domestic  
6 corporation, partnership, limited liability company, or other  
7 business entity.

8 (5) A person may not, for remuneration, conspire with, aid and  
9 abet, assist, or advise an employer with the intent of violating this  
10 chapter.

11 NEW SECTION. **Sec. 6.** (1) The department may conduct an  
12 investigation if it obtains information indicating a person may have  
13 violated this chapter, but the department may not investigate a  
14 violation of this chapter that occurred more than three years before  
15 the date of the violation. For the purposes of this section, a  
16 violation occurs from the initial date of misclassification and for  
17 as long as the employee continues to be misclassified. The three-year  
18 period is tolled during any period of time that an employer, any of  
19 its agents, or any person acting on behalf of the employer, deters an  
20 individual from filing a complaint under this section.

21 (2) If the department determines that a person violated this  
22 chapter, it may:

23 (a) For a violation of section 9 of this act, order the employer  
24 to pay a civil penalty of not less than one thousand dollars and not  
25 more than ten thousand dollars;

26 (b) For a violation of section 5 of this act, order the person to  
27 pay a civil penalty of: (i) Not less than one thousand dollars and  
28 not more than ten thousand dollars per employee; or (ii) if the  
29 person has engaged in a pattern or practice of violations, not less  
30 than ten thousand dollars and not more than twenty-five thousand  
31 dollars per employee;

32 (c) For a violation of section 5 of this act, order persons,  
33 including employers, to jointly and severally pay the following: (i)  
34 Three times the amount of wages, salary, and employment benefits  
35 denied or withheld, except benefits under Title 50 or 51 RCW; and  
36 (ii) reimbursement for payroll taxes under Title 50 or 51 RCW and the  
37 value of any other state payroll taxes paid or state benefits lost by  
38 the employee;

1 (d) In addition, for a violation of section 5 of this act, order  
2 the employer to reinstate and properly classify the employee. The  
3 director may award front pay in lieu of reinstatement; and

4 (e) Determine whether to initiate collection procedures pursuant  
5 to RCW 51.16.150 through 51.16.190 to enforce its orders under (c)  
6 and (d) of this subsection, and send a copy of its determination,  
7 including any supporting documentation, to the employment security  
8 department.

9 (3) The department must consider referrals based on a court  
10 finding of a violation of section 5 of this act to determine whether  
11 to initiate collection procedures.

12 (4)(a) The department must adjust the penalty amounts in  
13 subsection (2) of this section beginning January 1, 2021, and on each  
14 January 1st thereafter, to reflect the percentage change in the  
15 consumer price index, calculated as follows: The index for the  
16 calendar year preceding the year in which the January 1st calculation  
17 is made, to be known as "calendar year A," is divided by the index  
18 for the calendar year preceding calendar year A, and the resulting  
19 ratio is multiplied by the penalty amount in effect on December 31st  
20 immediately preceding the January 1st on which the respective  
21 calculation is made.

22 (b) For the purposes of this subsection, "index" means the same  
23 as the definition in RCW 2.12.037(1).

24 (5) An employer may appeal the department's determination  
25 pursuant to RCW 49.48.084.

26 (6) The department must deposit civil penalties collected under  
27 this chapter into the employee fair classification act account  
28 created in section 10 of this act.

29 (7) This section expires January 2, 2021.

30 NEW SECTION. **Sec. 7.** (1) The department may conduct an  
31 investigation if it obtains information indicating a person may have  
32 violated this chapter, but the department may not investigate a  
33 violation of this chapter that occurred more than three years before  
34 the date of the violation. For the purposes of this section, a  
35 violation occurs from the initial date of misclassification and for  
36 as long as the employee continues to be misclassified. The three-year  
37 period is tolled during any period of time that an employer, any of  
38 its agents, or any person acting on behalf of the employer, deters an  
39 individual from filing a complaint under this section.

1 (2) If the department determines that a person violated this  
2 chapter, it must:

3 (a) For a violation of section 9 of this act, order the employer  
4 to pay a civil penalty of not less than one thousand dollars and not  
5 more than ten thousand dollars;

6 (b) For a violation of section 5 of this act, order the person to  
7 pay a civil penalty of: (i) Not less than one thousand dollars and  
8 not more than ten thousand dollars per employee; or (ii) if the  
9 person has engaged in a pattern or practice of violations, not less  
10 than ten thousand dollars and not more than twenty-five thousand  
11 dollars per employee;

12 (c) For a violation of section 5 of this act, order persons,  
13 including employers, to jointly and severally pay the following: (i)  
14 Three times the amount of wages, salary, and employment benefits  
15 denied or withheld, except benefits under Title 50 or 51 RCW; and  
16 (ii) reimbursement for payroll taxes under Title 50 or 51 RCW and the  
17 value of any payroll taxes paid or benefits lost by the employee;

18 (d) In addition, for a violation of section 5 of this act, order  
19 the employer to reinstate and properly classify the employee. The  
20 director may award front pay in lieu of reinstatement;

21 (e) Determine whether to initiate collection procedures pursuant  
22 to RCW 51.16.150 through 51.16.190 to enforce its orders under (c)  
23 and (d) of this subsection, and send a copy of its determination,  
24 including any supporting documentation, to the employment security  
25 department; and

26 (f) Consider referrals based on a court finding of a violation of  
27 section 5 of this act to determine whether to initiate collection  
28 procedures.

29 (3)(a) The department must adjust the penalty amounts in  
30 subsection (2) of this section beginning January 1, 2021, and on each  
31 January 1st thereafter, to reflect the percentage change in the  
32 consumer price index, calculated as follows: The index for the  
33 calendar year preceding the year in which the January 1st calculation  
34 is made, to be known as "calendar year A," is divided by the index  
35 for the calendar year preceding calendar year A, and the resulting  
36 ratio is multiplied by the penalty amount in effect on December 31st  
37 immediately preceding the January 1st on which the respective  
38 calculation is made.

39 (b) For the purposes of this subsection, "index" means the same  
40 as the definition in RCW 2.12.037(1).

1 (4) An employer may appeal the department's determination  
2 pursuant to RCW 49.48.084.

3 (5) The department must deposit civil penalties collected under  
4 this chapter into the employee fair classification act account  
5 created in section 10 of this act.

6 NEW SECTION. **Sec. 8.** (1) An individual aggrieved by a violation  
7 of section 5 of this act may bring suit on behalf of himself or  
8 herself or on behalf of any other individual who is similarly  
9 situated.

10 (2) If a court determines that a person or persons, including  
11 employers, violated section 5 of this act, it:

12 (a) Shall order persons, including employers, to jointly and  
13 severally pay the greater of:

14 (i) Three times the amount of any wages including overtime,  
15 salary, and employment benefits unlawfully denied or withheld except  
16 benefits under Titles 50 and 51 RCW; or

17 (ii) Statutory damages for each employee aggrieved by the  
18 violation. Statutory damages must not be less than one thousand  
19 dollars and not more than ten thousand dollars per employee, unless  
20 the person engaged in a pattern or practice of violations, in which  
21 case the statutory damages must be not less than ten thousand dollars  
22 and not more than twenty-five thousand dollars per employee;

23 (b) May order persons, including employers, to jointly and  
24 severally pay the employee reimbursement for any taxes and the value  
25 of any benefits paid by the employee; and

26 (c) Shall order persons, including employers, to jointly and  
27 severally pay attorneys' fees and costs.

28 (3) If a court determines that an employer violated section 5 of  
29 this act, it may order the employer to pay any taxes owed and award  
30 injunctive or other equitable relief, including reinstatement and  
31 reclassification of the employee with terms and conditions at least  
32 as favorable as those that applied when the employee was  
33 misclassified, including rate of compensation, value of any benefits,  
34 and hours of work. The court may award front pay in lieu of  
35 reinstatement.

36 (4) A civil action under this section must be brought no later  
37 than three years after the violation occurred. For the purposes of  
38 this section, a violation occurs from the initial date of  
39 misclassification and for as long as the employee continues to be

1 misclassified. The three-year period is tolled during any period of  
2 time that an employer, any of its agents, or any person acting on  
3 behalf of the employer deters an individual from bringing an action  
4 under this section.

5 NEW SECTION. **Sec. 9.** (1) If an employer engages an individual  
6 to perform labor or services for remuneration and considers the  
7 individual to be an independent contractor, the employer shall  
8 provide that individual with the following notice:

9 "Every worker has the right to be properly classified as an  
10 employee rather than an independent contractor if the  
11 individual does not meet the requirements of an independent  
12 contractor under the law known as the employee fair  
13 classification act.

14 If you believe you or someone else has been improperly  
15 classified as an independent contractor under the employee  
16 fair classification act, you have the right to challenge this  
17 classification by filing a complaint with the department of  
18 labor and industries or by bringing an action in state  
19 court."

20 (2) The notice required by this section must be in English,  
21 Spanish, and any other language or languages primarily spoken by the  
22 majority of the workforce. The notice must also be posted in a  
23 conspicuous place in each of the employer's offices in the state and  
24 at each job site where a worker classified as an independent  
25 contractor performs labor or services.

26 NEW SECTION. **Sec. 10.** The employee fair classification act  
27 account is created in the state treasury. All receipts from civil  
28 penalties issued under section 6 of this act must be deposited in the  
29 account. Moneys in the account may be spent only after appropriation.  
30 Expenditures from the account may be used only for enforcement of  
31 this chapter.

32 NEW SECTION. **Sec. 11.** The department may adopt rules to  
33 implement this chapter. In addition, the department shall develop a  
34 plan for strategic enforcement of this chapter, prioritizing  
35 industries and workplaces with a high concentration of violations.

1       **Sec. 12.** RCW 39.12.010 and 1989 c 12 s 6 are each amended to  
2 read as follows:

3       (1) The "prevailing rate of wage," for the intents and purposes  
4 of this chapter, shall be the rate of hourly wage, usual benefits,  
5 and overtime paid in the locality, as hereinafter defined, to the  
6 majority of workers, laborers, or mechanics, in the same trade or  
7 occupation. In the event that there is not a majority in the same  
8 trade or occupation paid at the same rate, then the average rate of  
9 hourly wage and overtime paid to such laborers, workers, or mechanics  
10 in the same trade or occupation shall be the prevailing rate. If the  
11 wage paid by any contractor or subcontractor to laborers, workers, or  
12 mechanics on any public work is based on some period of time other  
13 than an hour, the hourly wage for the purposes of this chapter shall  
14 be mathematically determined by the number of hours worked in such  
15 period of time.

16       (2) The "locality" for the purposes of this chapter shall be the  
17 largest city in the county wherein the physical work is being  
18 performed.

19       (3) The "usual benefits" for the purposes of this chapter shall  
20 include the amount of:

21       (a) The rate of contribution irrevocably made by a contractor or  
22 subcontractor to a trustee or to a third person pursuant to a fund,  
23 plan, or program; and

24       (b) The rate of costs to the contractor or subcontractor which  
25 may be reasonably anticipated in providing benefits to workers,  
26 laborers, and mechanics pursuant to an enforceable commitment to  
27 carry out a financially responsible plan or program which was  
28 communicated in writing to the workers, laborers, and mechanics  
29 affected, for medical or hospital care, pensions on retirement or  
30 death, compensation for injuries or illness resulting from  
31 occupational activity, or insurance to provide any of the foregoing,  
32 for unemployment benefits, life insurance, disability and sickness  
33 insurance, or accident insurance, for vacation and holiday pay, for  
34 defraying costs of apprenticeship or other similar programs, or for  
35 other bona fide fringe benefits, but only where the contractor or  
36 subcontractor is not required by other federal, state, or local law  
37 to provide any of such benefits.

38       (4) "Employee" has the same meaning as "laborers, workers, and  
39 mechanics."



1       **Sec. 16.** RCW 49.48.082 and 2010 c 42 s 1 are each reenacted and  
2 amended to read as follows:

3       The definitions in this section apply throughout this section and  
4 RCW 49.48.083 through 49.48.086:

5       (1) "Citation" means a written determination by the department  
6 that a wage payment requirement has been violated.

7       (2) "Department" means the department of labor and industries.

8       (3) "Determination of compliance" means a written determination  
9 by the department that wage payment requirements have not been  
10 violated.

11       (4) "Director" means the director of the department of labor and  
12 industries, or the director's authorized representative.

13       (5) "Employee" has the meaning provided in: (a) RCW 49.46.010 for  
14 purposes of a wage payment requirement set forth in RCW 49.46.020 or  
15 49.46.130; and (b) (~~RCW 49.12.005~~) section 3(4) (a) and (b) of this  
16 act for purposes of a wage payment requirement set forth in RCW  
17 49.48.010, 49.52.050, or 49.52.060.

18       (6) "Employ" has the same meaning as in section 3 of this act.

19       ~~(7) "Employer" ((has the meaning provided in RCW 49.46.010 for~~  
20 ~~purposes of a wage payment requirement set forth in RCW 49.46.020,~~  
21 ~~49.46.130, 49.48.010, 49.52.050, or 49.52.060))~~ and "independent  
22 contractor" have the same meanings as in section 3 of this act.

23       ~~((7))~~ (8) "Notice of assessment" means a written notice by the  
24 department that, based on a citation, the employer shall pay the  
25 amounts assessed under RCW 49.48.083.

26       ~~((8))~~ (9) "Repeat willful violator" means any employer that has  
27 been the subject of a final and binding citation and notice of  
28 assessment for a willful violation of a wage payment requirement  
29 within three years of the date of issue of the most recent citation  
30 and notice of assessment for a willful violation of a wage payment  
31 requirement.

32       ~~((9))~~ (10) "Successor" means any person to whom an employer  
33 quitting, selling out, exchanging, or disposing of a business sells  
34 or otherwise conveys in bulk and not in the ordinary course of the  
35 employer's business, more than fifty percent of the property, whether  
36 real or personal, tangible or intangible, of the employer's business.

37       ~~((10))~~ (11) "Wage" has the meaning provided in RCW 49.46.010.

38       ~~((11))~~ (12) "Wage complaint" means a complaint from an employee  
39 to the department that asserts that an employer has violated one or  
40 more wage payment requirements and that is reduced to writing.



1 his or her permanent residence to the farm on which he or she is  
2 employed; and (iii) who has been employed in agriculture less than  
3 thirteen weeks during the preceding calendar year;

4 (b) Any individual employed in casual labor in or about a private  
5 home, unless performed in the course of the employer's trade,  
6 business, or profession;

7 (c) Any individual employed in a bona fide executive,  
8 administrative, or professional capacity or in the capacity of  
9 outside salesperson as those terms are defined and delimited by rules  
10 of the director. However, those terms shall be defined and delimited  
11 by the human resources director pursuant to chapter 41.06 RCW for  
12 employees employed under the director of personnel's jurisdiction;

13 (d) Any individual engaged in the activities of an educational,  
14 charitable, religious, state or local governmental body or agency, or  
15 nonprofit organization where the employer-employee relationship does  
16 not in fact exist or where the services are rendered to such  
17 organizations gratuitously. If the individual receives reimbursement  
18 in lieu of compensation for normally incurred out-of-pocket expenses  
19 or receives a nominal amount of compensation per unit of voluntary  
20 service rendered, an employer-employee relationship is deemed not to  
21 exist for the purpose of this section or for purposes of membership  
22 or qualification in any state, local government, or publicly  
23 supported retirement system other than that provided under chapter  
24 41.24 RCW;

25 (e) Any individual employed full time by any state or local  
26 governmental body or agency who provides voluntary services but only  
27 with regard to the provision of the voluntary services. The voluntary  
28 services and any compensation therefor shall not affect or add to  
29 qualification, entitlement, or benefit rights under any state, local  
30 government, or publicly supported retirement system other than that  
31 provided under chapter 41.24 RCW;

32 (f) Any newspaper vendor, carrier, or delivery person selling or  
33 distributing newspapers on the street, to offices, to businesses, or  
34 from house to house and any freelance news correspondent or  
35 "stringer" who, using his or her own equipment, chooses to submit  
36 material for publication for free or a fee when such material is  
37 published;

38 (g) Any carrier subject to regulation by part 1 of the interstate  
39 commerce act;

1 (h) Any individual engaged in forest protection and fire  
2 prevention activities;

3 (i) Any individual employed by any charitable institution charged  
4 with child care responsibilities engaged primarily in the development  
5 of character or citizenship or promoting health or physical fitness  
6 or providing or sponsoring recreational opportunities or facilities  
7 for young people or members of the armed forces of the United States;

8 (j) Any individual whose duties require that he or she reside or  
9 sleep at the place of his or her employment or who otherwise spends a  
10 substantial portion of his or her work time subject to call, and not  
11 engaged in the performance of active duties;

12 (k) Any resident, inmate, or patient of a state, county, or  
13 municipal correctional, detention, treatment or rehabilitative  
14 institution;

15 (l) Any individual who holds a public elective or appointive  
16 office of the state, any county, city, town, municipal corporation or  
17 quasi municipal corporation, political subdivision, or any  
18 instrumentality thereof, or any employee of the state legislature;

19 (m) All vessel operating crews of the Washington state ferries  
20 operated by the department of transportation;

21 (n) Any individual employed as a seaman on a vessel other than an  
22 American vessel;

23 (o) Any farm intern providing his or her services to a small farm  
24 which has a special certificate issued under RCW 49.12.470;

25 (p) An individual who is at least sixteen years old but under  
26 twenty-one years old, in his or her capacity as a player for a junior  
27 ice hockey team that is a member of a regional, national, or  
28 international league and that contracts with an arena owned,  
29 operated, or managed by a public facilities district created under  
30 chapter 36.100 RCW;

31 (4) (~~("Employer" includes any individual, partnership,~~  
32 ~~association, corporation, business trust, or any person or group of~~  
33 ~~persons acting directly or indirectly in the interest of an employer~~  
34 ~~in relation to an employee;~~

35 (5)) "Occupation" means any occupation, service, trade,  
36 business, industry, or branch or group of industries or employment or  
37 class of employment in which employees are gainfully employed;

38 ((6)) (5) "Retail or service establishment" means an  
39 establishment seventy-five percent of whose annual dollar volume of

1 sales of goods or services, or both, is not for resale and is  
2 recognized as retail sales or services in the particular industry;

3 ~~((7))~~ (6) "Wage" means compensation due to an employee by  
4 reason of employment, payable in legal tender of the United States or  
5 checks on banks convertible into cash on demand at full face value,  
6 subject to such deductions, charges, or allowances as may be  
7 permitted by rules of the director.

8 **Sec. 19.** RCW 49.46.010 and 2015 c 299 s 3 are each amended to  
9 read as follows:

10 As used in this chapter:

11 (1) "Director" means the director of labor and industries;

12 (2) ~~(("Employ" includes to permit to work))~~ "Department,"  
13 "employ," and "employer" have the same meanings as in section 3 of  
14 this act;

15 (3) "Employee" ~~((includes any individual employed by an employer~~  
16 ~~but))~~ has the same meaning as in section 3(4) (a) and (b) of this act  
17 and shall not include:

18 (a) Any individual (i) employed as a hand harvest laborer and  
19 paid on a piece rate basis in an operation which has been, and is  
20 generally and customarily recognized as having been, paid on a piece  
21 rate basis in the region of employment; (ii) who commutes daily from  
22 his or her permanent residence to the farm on which he or she is  
23 employed; and (iii) who has been employed in agriculture less than  
24 thirteen weeks during the preceding calendar year;

25 (b) Any individual employed in casual labor in or about a private  
26 home, unless performed in the course of the employer's trade,  
27 business, or profession;

28 (c) Any individual employed in a bona fide executive,  
29 administrative, or professional capacity or in the capacity of  
30 outside salesperson as those terms are defined and delimited by rules  
31 of the director. However, those terms shall be defined and delimited  
32 by the human resources director pursuant to chapter 41.06 RCW for  
33 employees employed under the director of personnel's jurisdiction;

34 (d) Any individual engaged in the activities of an educational,  
35 charitable, religious, state or local governmental body or agency, or  
36 nonprofit organization where the employer-employee relationship does  
37 not in fact exist or where the services are rendered to such  
38 organizations gratuitously. If the individual receives reimbursement  
39 in lieu of compensation for normally incurred out-of-pocket expenses

1 or receives a nominal amount of compensation per unit of voluntary  
2 service rendered, an employer-employee relationship is deemed not to  
3 exist for the purpose of this section or for purposes of membership  
4 or qualification in any state, local government, or publicly  
5 supported retirement system other than that provided under chapter  
6 41.24 RCW;

7 (e) Any individual employed full time by any state or local  
8 governmental body or agency who provides voluntary services but only  
9 with regard to the provision of the voluntary services. The voluntary  
10 services and any compensation therefor shall not affect or add to  
11 qualification, entitlement, or benefit rights under any state, local  
12 government, or publicly supported retirement system other than that  
13 provided under chapter 41.24 RCW;

14 (f) Any newspaper vendor, carrier, or delivery person selling or  
15 distributing newspapers on the street, to offices, to businesses, or  
16 from house to house and any freelance news correspondent or  
17 "stringer" who, using his or her own equipment, chooses to submit  
18 material for publication for free or a fee when such material is  
19 published;

20 (g) Any carrier subject to regulation by part 1 of the interstate  
21 commerce act;

22 (h) Any individual engaged in forest protection and fire  
23 prevention activities;

24 (i) Any individual employed by any charitable institution charged  
25 with child care responsibilities engaged primarily in the development  
26 of character or citizenship or promoting health or physical fitness  
27 or providing or sponsoring recreational opportunities or facilities  
28 for young people or members of the armed forces of the United States;

29 (j) Any individual whose duties require that he or she reside or  
30 sleep at the place of his or her employment or who otherwise spends a  
31 substantial portion of his or her work time subject to call, and not  
32 engaged in the performance of active duties;

33 (k) Any resident, inmate, or patient of a state, county, or  
34 municipal correctional, detention, treatment or rehabilitative  
35 institution;

36 (l) Any individual who holds a public elective or appointive  
37 office of the state, any county, city, town, municipal corporation or  
38 quasi municipal corporation, political subdivision, or any  
39 instrumentality thereof, or any employee of the state legislature;

1 (m) All vessel operating crews of the Washington state ferries  
2 operated by the department of transportation;

3 (n) Any individual employed as a seaman on a vessel other than an  
4 American vessel;

5 (o) An individual who is at least sixteen years old but under  
6 twenty-one years old, in his or her capacity as a player for a junior  
7 ice hockey team that is a member of a regional, national, or  
8 international league and that contracts with an arena owned,  
9 operated, or managed by a public facilities district created under  
10 chapter 36.100 RCW;

11 (4) (~~"Employer" includes any individual, partnership,~~  
12 ~~association, corporation, business trust, or any person or group of~~  
13 ~~persons acting directly or indirectly in the interest of an employer~~  
14 ~~in relation to an employee;~~

15 ~~(5))~~ "Occupation" means any occupation, service, trade,  
16 business, industry, or branch or group of industries or employment or  
17 class of employment in which employees are gainfully employed;

18 ~~((6))~~ (5) "Retail or service establishment" means an  
19 establishment seventy-five percent of whose annual dollar volume of  
20 sales of goods or services, or both, is not for resale and is  
21 recognized as retail sales or services in the particular industry;

22 ~~((7))~~ (6) "Wage" means compensation due to an employee by  
23 reason of employment, payable in legal tender of the United States or  
24 checks on banks convertible into cash on demand at full face value,  
25 subject to such deductions, charges, or allowances as may be  
26 permitted by rules of the director.

27 NEW SECTION. **Sec. 20.** A new section is added to chapter 49.46  
28 RCW to read as follows:

29 (1) An employer-employee relationship exists when an individual  
30 performs labor or services for another individual or entity. The  
31 party asserting that an individual is not an employee must establish  
32 by a preponderance of the evidence that the individual is an  
33 independent contractor or is otherwise not an employee under this  
34 chapter.

35 (2) A general contractor is not responsible for violations of an  
36 independent contractor or subcontractor under this chapter unless the  
37 general contractor exerts substantial control over the day-to-day  
38 work of the independent contractor or subcontractor. For purposes of

1 this section, "general contractor" and "subcontractor" have the same  
2 meaning as in section 4(2) (a) and (b) of this act.

3 **UNEMPLOYMENT INSURANCE**

4 NEW SECTION. **Sec. 21.** A new section is added to chapter 50.04  
5 RCW to read as follows:

6 The services of an independent contractor, as defined in section  
7 3 of this act, are not services in employment under this title.

8 **Sec. 22.** RCW 50.04.100 and 1982 1st ex.s. c 18 s 14 are each  
9 amended to read as follows:

10 "Employment," subject only to the other provisions of this title,  
11 means personal service, of whatever nature, unlimited by the  
12 relationship of master and servant as known to the common law or any  
13 other legal relationship, including service in interstate commerce,  
14 performed for wages or under any contract calling for the performance  
15 of personal services, written or oral, express or implied. The party  
16 asserting that services performed are not services in employment must  
17 establish by a preponderance of the evidence that an individual is an  
18 independent contractor or that the services are otherwise not in  
19 employment under this title.

20 (~~Except as provided by RCW 50.04.145,~~) Personal services  
21 performed for an employing unit by one or more contractors or  
22 subcontractors acting individually or as a partnership, which do not  
23 meet the provisions of ((RCW 50.04.140)) section 21 of this act,  
24 shall be considered employment of the employing unit: PROVIDED,  
25 HOWEVER, That such contractor or subcontractor shall be an employer  
26 under the provisions of this title in respect to personal services  
27 performed by individuals for such contractor or subcontractor.

28 **Sec. 23.** RCW 50.04.298 and 2007 c 146 s 8 are each amended to  
29 read as follows:

30 For the purposes of this title:

31 (1) "Professional employer organization" means a person or entity  
32 that enters into an agreement with one or more client employers to  
33 provide professional employer services. "Professional employer  
34 organization" includes entities that use the term "staff leasing  
35 company," "permanent leasing company," "registered staff leasing  
36 company," "employee leasing company," "administrative employer," or

1 any other name, when they provide professional employer services to  
2 client employers. The following are not classified as professional  
3 employer organizations: Independent contractors in (~~RCW 50.04.140~~)  
4 section 21 of this act; temporary staffing services companies and  
5 services referral agencies as defined in RCW 50.04.245; third-party  
6 payers as defined in RCW 50.04.248; or labor organizations.

7 (2) "Client employer" means any employer who enters into a  
8 professional employer agreement with a professional employer  
9 organization.

10 (3) "Coemployer" means either a professional employer  
11 organization or a client employer that has entered into a  
12 professional employer agreement.

13 (4) "Covered employee" means an individual performing services  
14 for a client employer that constitutes employment under this title.

15 (5) "Professional employer services" means services provided by  
16 the professional employer organization to the client employer, which  
17 include, but are not limited to, human resource functions, risk  
18 management, or payroll administration services, in a coemployment  
19 relationship.

20 (6) "Coemployment relationship" means a relationship that is  
21 intended to be ongoing rather than temporary or project-specific,  
22 where the rights, duties, and obligations of an employer in an  
23 employment relationship are allocated between coemployers pursuant to  
24 a professional employer agreement and state law. A coemployment  
25 relationship exists only if a majority of the employees performing  
26 services to a client employer, or to a division or work unit of a  
27 client employer, are covered employees. In determining the allocation  
28 of rights and obligations in a coemployment relationship:

29 (a) The professional employer organization has only those  
30 employer rights and is subject only to those obligations specifically  
31 allocated to it by the professional employer agreement or state law;

32 (b) The client employer has those rights and obligations  
33 allocated to it by the professional employer agreement or state law,  
34 as well as any other right or obligation of an employer that is not  
35 specifically allocated by the professional employer agreement or  
36 state law.

37 (7) "Professional employer agreement" means a written contract  
38 between a client employer and a professional employer organization  
39 that provides for: (a) The coemployment of covered employees; and (b)  
40 the allocation of employer rights and obligations between the client

1 and the professional employer organization with respect to the  
2 covered employees.

3 **Sec. 24.** RCW 50.12.070 and 2013 c 250 s 1 are each amended to  
4 read as follows:

5 (1)(a) Each employing unit shall keep true and accurate work  
6 records, containing such information as the commissioner may  
7 prescribe. Such records shall be open to inspection and be subject to  
8 being copied by the commissioner or his or her authorized  
9 representatives at any reasonable time and as often as may be  
10 necessary. The commissioner may require from any employing unit any  
11 sworn or unsworn reports with respect to persons employed by it,  
12 which he or she deems necessary for the effective administration of  
13 this title.

14 (b) An employer who contracts with another person or entity for  
15 work subject to chapter 18.27 or 19.28 RCW shall obtain and preserve  
16 a record of the unified business identifier account number for and  
17 compensation paid to the person or entity performing the work. In  
18 addition to the penalty in subsection (3) of this section, failure to  
19 obtain or maintain the record is subject to RCW 39.06.010.

20 (2)(a) Each employer shall register with the department and  
21 obtain an employment security account number. Each employer shall  
22 make periodic reports at such intervals as the commissioner may by  
23 regulation prescribe, setting forth the remuneration paid for  
24 employment to workers in its employ, the full names and social  
25 security numbers of all such workers, and the total hours worked by  
26 each worker and such other information as the commissioner may by  
27 regulation prescribe.

28 (b) If the employing unit fails or has failed to report the  
29 number of hours in a reporting period for which a worker worked, such  
30 number will be computed by the commissioner and given the same force  
31 and effect as if it had been reported by the employing unit. In  
32 computing the number of such hours worked, the total wages for the  
33 reporting period, as reported by the employing unit, shall be divided  
34 by the dollar amount of the state's minimum wage in effect for such  
35 reporting period and the quotient, disregarding any remainder, shall  
36 be credited to the worker: PROVIDED, That although the computation so  
37 made will not be subject to appeal by the employing unit, monetary  
38 entitlement may be redetermined upon request if the department is  
39 provided with credible evidence of the actual hours worked. Benefits

1 paid using computed hours are not considered an overpayment and are  
2 not subject to collections when the correction of computed hours  
3 results in an invalid or reduced claim; however:

4 (i) A contribution paying employer who fails to report the number  
5 of hours worked will have its experience rating account charged for  
6 all benefits paid that are based on hours computed under this  
7 subsection; and

8 (ii) An employer who reimburses the trust fund for benefits paid  
9 to workers and fails to report the number of hours worked shall  
10 reimburse the trust fund for all benefits paid that are based on  
11 hours computed under this subsection.

12 (3) Any employer who fails to keep and preserve records required  
13 by this section shall be subject to a penalty determined by the  
14 commissioner but not to exceed two hundred fifty dollars or two  
15 hundred percent of the quarterly tax for each offense, whichever is  
16 greater.

17 (4) Upon referral from the department of labor and industries  
18 pursuant to section 6 of this act, the employment security department  
19 may initiate procedures for improper recordkeeping and the recovery  
20 of contributions, interest, and penalties.

21 (5) The commissioner must consider referrals based on a court  
22 finding of a violation of section 5 of this act and may initiate  
23 procedures for improper recordkeeping and the recovery of  
24 contributions, interest, and penalties.

## 25 INDUSTRIAL INSURANCE

26 **Sec. 25.** RCW 51.08.070 and 2008 c 102 s 2 are each amended to  
27 read as follows:

28 "Employer" means any person, body of persons, corporate or  
29 otherwise, and the legal representatives of a deceased employer, all  
30 while engaged in this state in any work covered by the provisions of  
31 this title, by way of trade or business, or who contracts with one or  
32 more workers (~~(, the essence of which is the personal labor of such~~  
33 ~~worker or workers)~~). Or as an exception to the definition of  
34 employer, persons or entities are not employers when they contract or  
35 agree to remunerate the services performed by an (~~individual who~~  
36 ~~meets the tests set forth in subsections (1) through (6) of RCW~~  
37 ~~51.08.195 or the separate tests set forth in RCW 51.08.181 for work~~  
38 ~~performed that requires registration under chapter 18.27 RCW or~~

1 ~~licensing under chapter 19.28 RCW))~~ independent contractor as defined  
2 in section 3 of this act.

3 **Sec. 26.** RCW 51.08.180 and 2008 c 102 s 3 are each amended to  
4 read as follows:

5 "Worker" means every person in this state who is engaged in the  
6 employment of an employer under this title, whether by way of manual  
7 labor or otherwise in the course of his or her employment; also every  
8 person in this state who is engaged in the employment of or who is  
9 working under an independent contract, ~~((the essence of which is his~~  
10 ~~or her personal labor for an employer under this title,))~~ whether by  
11 way of manual labor or otherwise, in the course of his or her  
12 employment, ~~((or as an exception to the definition of worker, a~~  
13 ~~person is not a worker if))~~ unless he or she ~~((meets the tests set~~  
14 ~~forth in subsections (1) through (6) of RCW 51.08.195 or the separate~~  
15 ~~tests set forth in RCW 51.08.181 for work performed that requires~~  
16 ~~registration under chapter 18.27 RCW or licensing under chapter 19.28~~  
17 ~~RCW))~~ meets the definition of independent contractor as defined in  
18 section 3(8) of this act: PROVIDED, That a person is not a worker for  
19 the purpose of this title, with respect to his or her activities  
20 attendant to operating a truck which he or she owns, and which is  
21 leased to a common or contract carrier.

22 NEW SECTION. **Sec. 27.** A new section is added to chapter 51.12  
23 RCW to read as follows:

24 An employer-employee relationship exists when an individual  
25 performs labor or services for another individual or entity. The  
26 party asserting that an individual is not an employee must establish  
27 by a preponderance of the evidence that the individual is an  
28 independent contractor, or otherwise not an employee or worker under  
29 this chapter. This presumption also applies at the board of  
30 industrial insurance appeals and may be rebutted by a preponderance  
31 of the evidence.

32 **Sec. 28.** RCW 51.12.020 and 2015 c 236 s 4 are each amended to  
33 read as follows:

34 The following are the only employments which shall not be  
35 included within the mandatory coverage of this title:

1 (1) Any person employed as a domestic (~~servant~~) worker in a  
2 private home by an employer who has less than two employees regularly  
3 employed forty or more hours a week in such employment.

4 (2) Any person employed to do gardening, maintenance, or repair,  
5 in or about the private home of the employer. For the purposes of  
6 this subsection, "maintenance" means the work of keeping in proper  
7 condition, "repair" means to restore to sound condition after damage,  
8 and "private home" means a person's place of residence.

9 (3) A person whose employment is not in the course of the trade,  
10 business, or profession of his or her employer and is not in or about  
11 the private home of the employer.

12 (4) Any person performing services in return for aid or  
13 sustenance only, received from any religious or charitable  
14 organization.

15 (5) Sole proprietors or partners.

16 (6) Any child under eighteen years of age employed by his or her  
17 parent or parents in agricultural activities on the family farm.

18 (7) Jockeys while participating in or preparing horses for race  
19 meets licensed by the Washington horse racing commission pursuant to  
20 chapter 67.16 RCW.

21 (8)(a) Except as otherwise provided in (b) of this subsection,  
22 any bona fide officer of a corporation voluntarily elected or  
23 voluntarily appointed in accordance with the articles of  
24 incorporation or bylaws of the corporation, who at all times during  
25 the period involved is also a bona fide director, and who is also a  
26 shareholder of the corporation. Only such officers who exercise  
27 substantial control in the daily management of the corporation and  
28 whose primary responsibilities do not include the performance of  
29 manual labor are included within this subsection.

30 (b) Alternatively, a corporation that is not a "public company"  
31 as defined in RCW 23B.01.400 may exempt eight or fewer bona fide  
32 officers, who are voluntarily elected or voluntarily appointed in  
33 accordance with the articles of incorporation or bylaws of the  
34 corporation and who exercise substantial control in the daily  
35 management of the corporation, from coverage under this title without  
36 regard to the officers' performance of manual labor if the exempted  
37 officer is a shareholder of the corporation, or may exempt any number  
38 of officers if all the exempted officers are related by blood within  
39 the third degree or marriage. If a corporation that is not a "public  
40 company" elects to be covered under subsection (8)(a) of this

1 section, the corporation's election must be made on a form prescribed  
2 by the department and under such reasonable rules as the department  
3 may adopt.

4 (c) Determinations respecting the status of persons performing  
5 services for a corporation shall be made, in part, by reference to  
6 Title 23B RCW and to compliance by the corporation with its own  
7 articles of incorporation and bylaws. For the purpose of determining  
8 coverage under this title, substance shall control over form, and  
9 mandatory coverage under this title shall extend to all workers of  
10 this state, regardless of honorary titles conferred upon those  
11 actually serving as workers.

12 (d) A corporation may elect to cover officers who are exempted by  
13 this subsection in the manner provided by RCW 51.12.110.

14 (9) Services rendered by a musician or entertainer under a  
15 contract with a purchaser of the services, for a specific engagement  
16 or engagements when such musician or entertainer performs no other  
17 duties for the purchaser and is not regularly and continuously  
18 employed by the purchaser. A purchaser does not include the leader of  
19 a group or recognized entity who employs other than on a casual basis  
20 musicians or entertainers.

21 (10) Services performed by a newspaper vendor, carrier, or  
22 delivery person selling or distributing newspapers on the street, to  
23 offices, to businesses, or from house to house and any freelance news  
24 correspondent or "stringer" who, using his or her own equipment,  
25 chooses to submit material for publication for free or a fee when  
26 such material is published.

27 (11) Services performed by an insurance producer, as defined in  
28 RCW 48.17.010, or a surplus line broker licensed under chapter 48.15  
29 RCW.

30 (12) Services performed by a booth renter. However, a person  
31 exempted under this subsection may elect coverage under RCW  
32 51.32.030.

33 (13) Members of a limited liability company, if either:

34 (a) Management of the company is vested in its members, and the  
35 members for whom exemption is sought would qualify for exemption  
36 under subsection (5) of this section were the company a sole  
37 proprietorship or partnership; or

38 (b) Management of the company is vested in one or more managers,  
39 and the members for whom the exemption is sought are managers who

1 would qualify for exemption under subsection (8) of this section were  
2 the company a corporation.

3 ~~((14) A driver providing commercial transportation services as  
4 defined in RCW 48.177.005. The driver may elect coverage in the  
5 manner provided by RCW 51.32.030.~~

6 ~~(15) For hire vehicle operators under chapter 46.72 RCW who own  
7 or lease the for hire vehicle, chauffeurs under chapter 46.72A RCW  
8 who own or lease the limousine, and operators of taxicabs under  
9 chapter 81.72 RCW who own or lease the taxicab. An owner or lessee  
10 may elect coverage in the manner provided by RCW 51.32.030.)~~

11 **WAGE BOARDS**

12 NEW SECTION. **Sec. 29.** The definitions in this section apply  
13 throughout this chapter unless the context clearly requires  
14 otherwise.

15 (1) "Benefit provider" means a nonprofit entity that is eligible  
16 to provide benefits to eligible beneficiaries under section 41 of  
17 this act.

18 (2) "Contributing agent" means a business, organization,  
19 corporation, limited liability company, partnership, or any other  
20 entity that facilitates the provision of services by intermediary  
21 employees to consumers.

22 (3) "Covered contributing agent" means any contributing agent  
23 determined by the department to be subject to the determinations of a  
24 wage board.

25 (4) "Covered intermediary employee" means any intermediary  
26 employee eligible for representation by a wage board. Covered  
27 intermediary employees must have worked at least thirty cumulative  
28 hours, or the lesser of either thirty tasks, trips, or shifts in the  
29 industry to qualify for representation in a calendar year.

30 (5) "Department" means the department of labor and industries.

31 (6) "Eligible beneficiary" means any intermediary employee who  
32 meets the minimum thresholds under this chapter to receive  
33 contributions from a contributing agent under sections 39 and 40 of  
34 this act.

35 (7) "Eligible contributing agent representative" means an  
36 organization or association eligible to represent contributing agents  
37 in a given industry through a wage board. Organizations are eligible  
38 if they:

1 (a) Pay workers in the industry for labor or services for which  
2 no W-2 tax document is filed; and

3 (b) Represent at least ten distinct contributing agents in the  
4 industry.

5 (8) "Eligible worker representative" means an organization or  
6 association eligible to represent covered intermediary employees in a  
7 given industry through a wage board. Organizations are eligible if  
8 they:

9 (a) Are not an employer, employment agency, referral agency, or  
10 contributing agent;

11 (b) Have a conflict of interest policy prohibiting the  
12 participation of any individual in a decision-making role, if the  
13 individual pays covered intermediary employees to complete services  
14 in the industry for which the organization is seeking representation  
15 rights;

16 (c) Meet the requirements of 26 U.S.C. Sec. 501(c)(3), (4), (5),  
17 or (6) of the federal internal revenue code and is an organization  
18 that exists for the betterment of workers, including covered  
19 intermediary employees in the workforce for which the organization is  
20 seeking representation rights;

21 (d) Engage in public advocacy to promote the health and well-  
22 being of workers;

23 (e) Have a governing structure that promotes workers' decision-  
24 making power; and

25 (f) Represent at least one hundred covered intermediary employees  
26 in the industry.

27 (9) "Intermediary employee" means any worker, regardless of  
28 corporate status, who is not an employee under this chapter and who  
29 provides services for financial compensation through a contributing  
30 agent.

31 (10) "Represented intermediary employee" means any intermediary  
32 employee who has agreed to have a worker organization represent the  
33 employee on a wage board and pays that organization a fee to do so.

34 (11) "Validated contributing agent representative" means an  
35 eligible contributing agent representative that:

36 (a) Pays intermediary employees for labor or services;

37 (b) Represents at least ten distinct contributing agents in the  
38 industry; and

39 (c) Has been approved by the department to represent contributing  
40 agents on the wage board.

1 (12) "Validated worker representative" means an eligible worker  
2 representative that has been approved by the department to represent  
3 workers on the wage board.

4 (13) "Wage board" means a board of industry, worker, and  
5 department representatives required to set wages, rates, and working  
6 standards for specific industries under section 33 of this act.

7 NEW SECTION. **Sec. 30.** (1) Subject to sections 36 and 38 of this  
8 act, the department must establish a minimum base rate for all  
9 intermediary employees of contributing agents. Payments to such  
10 workers may not be less than equivalent to the state minimum wage.  
11 Any and all tips or gratuity must be in addition to the base rate and  
12 may not be included in the calculation of state minimum wage  
13 equivalency. The determination must:

14 (a) Be based on both time spent performing services in accordance  
15 with the scope of work and address any time spent on call or waiting  
16 for a job where the worker is unable to do other work; and

17 (b) Address all types of payment for services including, but not  
18 limited to, hourly, piecemeal, or transaction-based payments.

19 (2)(a) Intermediary employees may not be paid less than the rate  
20 established under this section.

21 (b) Covered intermediary employees may not be paid less than the  
22 rate determined by the wage board for the specific industry in which  
23 the covered intermediary employee works.

24 NEW SECTION. **Sec. 31.** (1) Contributing agents with fewer than  
25 five intermediary employees must submit annual reports to the  
26 department disclosing the following information:

27 (a) Aggregated data about intermediary employees, including:

28 (i) The total number of intermediary employees who have completed  
29 more than thirty hours, tasks, trips, or shifts with the contributing  
30 agent during the calendar year;

31 (ii) Data about contributions to portable benefit accounts,  
32 including the average amount contributed to each intermediary  
33 employee portable benefit account: Per hour, task, trip, or shift  
34 worked; and per year;

35 (b) Data about wage theft and abuse, including:

36 (i) The number of intermediary employees who completed hours,  
37 tasks, trips, or shifts, but were not compensated for their labor;  
38 and

1 (ii) All reports from intermediary employees of sexual harassment  
2 or other forms of abuse experienced during the course of performing  
3 hours, tasks, trips, or shifts, and the contributing agent's response  
4 to the reports.

5 (2) Contributing agents with five or more intermediary employees  
6 must submit an annual report to the department including the  
7 information required in subsection (1) of this section, and the  
8 following information, as applicable:

9 (a) Disaggregated data about intermediary employees, including:

10 (i) All known demographics of intermediary employees, including  
11 gender, race, age, and primary language spoken at home;

12 (ii) Average hours per week performed by each intermediary  
13 employee;

14 (iii) Average annual number of hours, tasks, trips, or shifts  
15 offered to each intermediary employee;

16 (iv) Average annual number of hours, tasks, trips, or shifts  
17 performed by each intermediary employee;

18 (v) Average number of months since each intermediary employee  
19 completed at least five hours, tasks, trips, or shifts;

20 (vi) The zip codes in which each intermediary employee primarily  
21 completes hours, tasks, trips, or shifts;

22 (vii) The twenty-fifth, fiftieth, and seventy-fifth percentile of  
23 payouts to intermediary employees per job, per week, and per year;

24 (viii) The number of intermediary employees providing services  
25 each calendar month and over the course of the calendar year; and

26 (ix) The median time or miles an intermediary employee is active  
27 on the contributing agent's app, when applicable, and the time or  
28 miles the intermediary employee is paid while on the app;

29 (b) Data about worker turnover and retention, including:

30 (i) The number of intermediary employees terminated each quarter  
31 within the last year;

32 (ii) The number of intermediary employees with zero payments each  
33 quarter; and

34 (iii) The proportion of intermediary employees terminated by the  
35 contributing agent, out of all intermediary employees whose  
36 relationship with the contributing agent ended or where there has  
37 been zero payments in the last two quarters;

38 (c) Data about payment rates, including:

39 (i) Average rate per hour, task, trip, or shift, disaggregated by  
40 zip code;

1 (ii) Average equivalent hourly wage;  
2 (iii) Whether the rates are set by the contributing agent or the  
3 intermediary employee; and  
4 (iv) If variable or surge pricing is used, the hourly rate per  
5 task, trip, or shift for the highest ten percent of rates;  
6 (d) Data about benefits and benefit contributions, including:  
7 (i) Any benefits or protections, including industrial insurance,  
8 auto insurance, or expense reimbursement, provided directly by the  
9 contributing agent to the intermediary employee; and  
10 (ii) The twenty-fifth, fiftieth, and seventy-fifth percentile of  
11 portable benefit contributions to eligible beneficiaries' portable  
12 benefit accounts over the year;  
13 (e) Policies, practices, and algorithms of the contributing  
14 agent, including:  
15 (i) Any written agreement signed between the contributing agent  
16 and the intermediary employee at the beginning of the contracting  
17 relationship;  
18 (ii) Policies outlining the ability of an intermediary employee  
19 to decline or alter the task, trip, or shift offered; and  
20 (iii) The algorithm used to offer intermediary employees tasks,  
21 trips, or shifts;  
22 (f) Conflict of interest disclosures, including a disclosure of  
23 any third-party recipients of individualized or aggregate worker  
24 data; and  
25 (g) Data reported to the department shall not include the name,  
26 contact information, or other identifying information of individual  
27 intermediary employees.  
28 (3) The department must adopt rules establishing financial  
29 penalties for failure to comply with this section.

30 NEW SECTION. **Sec. 32.** (1) Every three years, the department  
31 must contract with two third-party entities to complete studies of  
32 eligible beneficiaries and covered intermediary employees. Surveys  
33 must address factors such as:

34 (a) The total number of intermediary employees, eligible  
35 beneficiaries, and covered intermediary employees in the state;

36 (b) The demographic characteristics of eligible beneficiaries and  
37 covered intermediary employees;

38 (c) The satisfaction by eligible beneficiaries and covered  
39 intermediary employees in work outside of traditional W-2 employment;

1 (d) The total household income and benefits available to eligible  
2 beneficiaries and covered intermediary employees;

3 (e) The benefits that eligible beneficiaries receive from their  
4 portable benefit accounts; and

5 (f) Unmet needs experienced by eligible beneficiaries and covered  
6 intermediary employees.

7 (2) One contract must be issued to a worker organization that:

8 (a) Is not an employer, employment agency, referral agency, or  
9 contributing agent;

10 (b) Has proven relationships with eligible beneficiaries or  
11 covered intermediary employees;

12 (c) Has proven experience organizing hard-to-reach populations;

13 (d) Represents workers who are demographically diverse;

14 (e) Has the capacity amongst its staff to conduct research in at  
15 least three languages; and

16 (f) Has successfully conducted research with workers in the past.

17 (3) The second contract must be issued to a university research  
18 department or similar nonpartisan entity that:

19 (a) Has expertise in survey research with hard-to-reach  
20 populations; and

21 (b) Has a record of published research with academic rigor.

22 (4) Each contractor must submit a report summarizing the survey  
23 to the appropriate committee of the legislature by December 15th of  
24 the year in which the survey was conducted.

25 NEW SECTION. **Sec. 33.** (1) The department must, subject to the  
26 requirements set forth in this section, convene wage boards for  
27 nonemployee workers in Washington state.

28 (a) The department must create five discrete nonemployee industry  
29 categories for the purposes of convening and implementing wage  
30 boards: Caregiving and domestic services, passenger transport,  
31 product movement, sales, and certificated professional services.

32 (b) Every three years, the department must evaluate and redefine  
33 industry categories, based on data reported by contributing agents  
34 and information gathered from surveys of eligible beneficiaries and  
35 covered intermediary employees.

36 (2) Once any eligible worker representative provides a showing of  
37 interest by presenting evidence that they represent the lesser of two  
38 hundred fifty covered intermediary employees or one-half percent of  
39 the industry, the department must indicate that the organization is

1 validated, and a wage board must be established in the industry.  
2 After the department indicates that one eligible worker  
3 representative is validated:

4 (a) Additional eligible worker representatives may present  
5 evidence that they represent at least one hundred covered  
6 intermediary employees to gain representation rights on the wage  
7 board; and

8 (b) Eligible contributing agent representatives may present  
9 evidence that they represent at least five distinct contributing  
10 agents to gain representation rights on the wage board.

11 NEW SECTION. **Sec. 34.** (1) Within ninety days of the department  
12 validating an eligible worker representative, all contributing agents  
13 in the industry in which a wage board has been established must  
14 provide the validated worker representatives physical access to the  
15 intermediary employees, and submit a list of intermediary employees'  
16 names and contact information to validated worker representatives,  
17 including the intermediary employees':

18 (a) Full names;

19 (b) All known phone numbers, including cellular phones and  
20 landline or fixed-line phones;

21 (c) Email addresses; and

22 (d) Physical addresses.

23 (2) The department may determine whether an intermediary employee  
24 is a covered intermediary employee in one of two ways:

25 (a) For positions, job titles, classifications, or tasks that  
26 require certification or licensure, the department must determine  
27 which positions, job titles, classifications, or tasks fall within  
28 the wage board's scope; and

29 (b) For all other positions, job titles, classifications, or  
30 tasks, the validated worker representative must provide the  
31 department with the contributing agents that fall within the wage  
32 board's scope.

33 (3) A named contributing agent has one month from provision of  
34 the list to the department to appeal the inclusion of their  
35 intermediary employees in the wage board's scope.

36 (4) Inclusion within the scope of the wage board must be based on  
37 community of interest factors including, but not limited to, duties,  
38 skills, working conditions, and other job-related issues.

1 (5) Data required in subsection (1) of this section may not be  
2 reported to the department and must be reported directly to validated  
3 worker representatives. A third party may be used to transfer this  
4 data if appropriate to ensure adequate protection of the data.

5 NEW SECTION. **Sec. 35.** (1) The wage board shall be composed of  
6 three validated worker representatives, three validated contributing  
7 agent representatives, and four representatives of the department.

8 (2)(a) Worker positions must be distributed among validated  
9 worker representatives in accordance with the number of workers the  
10 organization represents. Validated worker representatives must  
11 appoint individuals for each of the seats they are allotted.

12 (b) Contributing agent positions must be distributed among  
13 validated contributing agent representatives in accordance with the  
14 number of contributing agents the organization represents. Validated  
15 contributing agent representatives must appoint individuals for each  
16 of the seats they are allotted.

17 (c) If there are more validated organizations than seats, only  
18 the most representative organizations are to be seated on the board.

19 (d) The director of the department must appoint the department  
20 representatives.

21 (3) Wage board members serve four-year terms. Of the initial  
22 members: One worker, one contributing agent, and one department  
23 representative must be appointed for a two-year term; one worker, one  
24 contributing agent, and one department representative must be  
25 appointed to a three-year term; and the remaining representative must  
26 be appointed to a four-year term. Thereafter, members must be  
27 appointed for four-year terms.

28 (4) Members of the wage board must be reimbursed for travel  
29 expenses as provided in RCW 43.03.050 and 43.03.060.

30 (5) The wage board may adopt bylaws for its own procedures,  
31 including quorum requirements, frequency of meetings, and provision  
32 of translation and interpretation services.

33 NEW SECTION. **Sec. 36.** (1) The wage board must:

34 (a) Ascertain the wages and benefits necessary to protect the  
35 health and livelihood of covered intermediary employees;

36 (b) Promote safe working conditions, training, and professional  
37 development for covered intermediary employees; and

1 (c) Promote effective enforcement of standards across the  
2 industry.

3 (2) Every three years, the wage board must issue determinations  
4 on aspects of the industry that affect workers' well-being, including  
5 minimum standards for:

6 (a) Hourly wages, or the equivalent in task, shift, or trip  
7 rates, including the type and structure of payment;

8 (b) Rules about scheduling and the availability of tasks, shifts,  
9 or trips;

10 (c) Portable benefit contribution rates per hour, shift, or trip;

11 (d) The proportion of portable benefit contributions that can be  
12 used for administrative purposes;

13 (e) Leave policies;

14 (f) Certification standards and access to training;

15 (g) Any benefits, such as auto insurance and mileage  
16 reimbursement, provided directly by the contributing agent to the  
17 intermediary employee; and

18 (h) Other aspects of working conditions, as raised by validated  
19 worker representatives on the wage board.

20 (3) The standards established by the wage board may meet or  
21 exceed, but may not fall below, standards established in statute,  
22 including minimum wages established in chapter 49.46 RCW, and  
23 established in this chapter, including minimum rates, benefit  
24 contributions, or the proportion of benefit contributions allowable  
25 for administrative purposes.

26 (4) If an established wage board fails to make determinations  
27 under this section within any four-year period, the department must  
28 institute increases in the minimum rates and benefit contributions  
29 for the industry in accordance with inflation as determined by the  
30 department.

31 NEW SECTION. **Sec. 37.** (1) Each member of the wage board has one  
32 vote.

33 (2) Representatives of the department must:

34 (a) Provide administrative and logistical assistance;

35 (b) Provide guidance about current law and the operations of the  
36 department;

37 (c) Convene and facilitate meetings; and

38 (d) Monitor the wage board's compliance with federal and state  
39 law, and the mandate of the wage board.

1 (3) Determinations by the wage board must be set through majority  
2 vote. However, a two-thirds vote of the wage board is required for  
3 determinations that decrease rates or worker protections.

4 (4) The wage board must hold public hearings during each three-  
5 year determination cycle to gather information about the current  
6 living and working conditions of covered intermediary employees.  
7 These hearings must be held throughout the state, especially in  
8 geographies with a known concentration of covered intermediary  
9 employees.

10 (a) The hearings must be open to all individuals or  
11 organizations.

12 (b) Validated worker representatives and validated contributing  
13 agent representatives not represented on the wage board have priority  
14 in hearings, with time allocated in accordance with the number of  
15 workers or agents represented.

16 NEW SECTION. **Sec. 38.** (1) When the wage board reaches a  
17 determination, through consensus or majority vote, the wage board's  
18 determination must be adopted as a policy by the department.

19 (2) If the wage board fails to reach a determination within the  
20 required time period, the department's minimum rates under section 30  
21 of this act take effect.

22 (3) The department may adopt rules implementing the policies  
23 provided by the wage board under this section.

24 NEW SECTION. **Sec. 39.** (1) Contributing agents must contribute  
25 funds to benefit providers to provide benefits to eligible  
26 beneficiaries.

27 (a) The requirement to contribute funds under this chapter only  
28 applies when the eligible beneficiary for whom the contributing agent  
29 is making a contribution provides services in the state.

30 (b) The contribution amount must be five percent of the total  
31 charge collected from the consumer for each transaction of services  
32 provided or one dollar for every hour that the worker provided  
33 services to the consumer, whichever is less. If determined per hour,  
34 the determination must be prorated per minute.

35 (c) Contributions must be in addition to pay and may not be  
36 counted toward the minimum base rate.

1 (d) Contributions must be assessed for every hour, transaction,  
2 or production unit that the eligible beneficiary provided services to  
3 the contributing agent.

4 (e) Contributions must be made to the benefit provider on no less  
5 than a monthly basis and no later than fifteen days after the end of  
6 the month in which the eligible beneficiary services were provided.

7 (2) The contribution amounts earned by the eligible beneficiary  
8 under this section belong to the eligible beneficiary and the  
9 eligible beneficiary may accrue benefits based on contributions from  
10 more than one contributing agent.

11 (3) Contributions may exceed, but not go below, those established  
12 in sections 36 and 38 of this act as the result of a wage board  
13 determination.

14 NEW SECTION. **Sec. 40.** (1) All eligible beneficiaries must  
15 receive industrial insurance under Title 51 RCW. Contributing agents  
16 must collect the portion of the contribution amount sufficient to  
17 provide industrial insurance under Title 51 RCW and remit those  
18 amounts to the department. The amounts necessary shall be determined  
19 by the department based on appropriate risk classifications.

20 (2) The contributing agents must remit the remainder of the  
21 contribution amount to the assigned benefit provider.

22 (3) Based on the contributions received, benefit providers must  
23 ensure that benefits are provided to eligible beneficiaries as set  
24 forth in this section.

25 (a) Benefit providers must solicit input from eligible  
26 beneficiaries regarding which benefits to provide.

27 (b) Benefit providers must provide some or all of the following  
28 benefits:

29 (i) Health insurance including, but not limited to, subsidies to  
30 purchase health insurance on the health benefit exchange;

31 (ii) Paid time off;

32 (iii) Retirement benefits; and

33 (iv) Other benefits determined by the benefit providers.

34 (c) Benefit providers may also offer other benefits or services  
35 to eligible beneficiaries to address the unique needs of a specific  
36 industry or eligible beneficiary groups including, but not limited  
37 to:

38 (i) Tax assistance;

39 (ii) Emergency loans; and

1 (iii) Other benefits.

2 (d) Benefit providers may provide benefits directly or through  
3 vendors approved by the benefit provider.

4 (e) Benefit providers may advocate on behalf of the eligible  
5 beneficiaries regarding benefits.

6 (f) Benefit providers may use up to ten percent of contribution  
7 funds received for administration of benefits.

8 NEW SECTION. **Sec. 41.** (1) The department must adopt rules for  
9 organizations to become benefit providers.

10 (2) At a minimum, the rules on benefit providers must require:

11 (a) The benefit provider to be a nonprofit organization operating  
12 under 26 U.S.C. Sec. 501(c)(3) of the federal internal revenue code;

13 (b) At least one-half of the organization's board of directors to  
14 be comprised of eligible beneficiaries performing work for  
15 contributing agents or representatives of bona fide independent  
16 organizations of such workers;

17 (c) The organization to be independent from all business  
18 entities, organizations, corporations, or individuals that would  
19 pursue any financial interest in conflict with that of the eligible  
20 beneficiaries;

21 (d) All actions of the organization regarding providing benefits  
22 must be for the sole purpose of maximizing benefits to eligible  
23 beneficiaries;

24 (e) The board of directors of the organization to hold a  
25 fiduciary duty to the eligible beneficiaries with respect to the  
26 provision of benefits; and

27 (f) The organization to demonstrate adequate viability and  
28 financial sufficiency to successfully and sustainably deliver  
29 benefits, as determined by the department. At a minimum, the  
30 organization must have:

31 (i) Cash reserves in a sufficient amount, as determined by the  
32 department;

33 (ii) Liability coverage for an amount determined by the  
34 department;

35 (iii) Access to bonding; and

36 (iv) Other demonstrated competencies as determined by the  
37 department.

38 (3) An eligible beneficiary entitled to benefits under this  
39 chapter must select a benefit provider and be given the option to

1 change the selected benefit provider once per year. Eligible  
2 beneficiaries must be provided information regarding available  
3 benefit providers and be able to easily select their chosen benefit  
4 provider.

5 NEW SECTION. **Sec. 42.** (1) Covered intermediary employees have  
6 the right to:

- 7 (a) Organize and communicate freely with other workers;
- 8 (b) Discuss terms and conditions of work with other workers and  
9 with contributing agents;
- 10 (c) Form, join, or assist worker organizations;
- 11 (d) Testify during board public hearings, without restraint on  
12 the content of their speech; and
- 13 (e) Take action with other workers to improve their working  
14 conditions or raise work-related complaints with the wage board.

15 (2) No contributing agent may interfere with, restrain, or coerce  
16 intermediary employees from exercising rights under subsection (1) of  
17 this section. Validated worker representatives must operate free from  
18 influence by contributing agents. Contributing agents may not:

- 19 (a) Threaten workers with or impose adverse consequences for  
20 exercising their rights;
- 21 (b) Threaten workers with or impose adverse consequences related  
22 to a worker's immigration status for exercising their rights;
- 23 (c) Terminate a worker for exercising their rights;
- 24 (d) Reduce a worker's access to wages, tips, shifts, tasks, or  
25 trips for exercising their rights;
- 26 (e) Promise a worker benefits, rewards, or compensation if the  
27 worker rejects participation on the wage board;
- 28 (f) Prohibit workers from talking about wage board activities  
29 during work time;
- 30 (g) Perform surveillance of workers' organizing activities;
- 31 (h) Solicit individual workers to participate in campaign  
32 advertisements; and
- 33 (i) Adopt, maintain, or enforce work rules that reasonably tend  
34 to inhibit workers from exercising their rights.

35 (3) There shall be a rebuttable presumption of retaliation if a  
36 contributing agent takes an adverse action against a person within  
37 ninety calendar days of the person's exercise of rights. The standard  
38 of proof for retaliation is that the protected activity was a  
39 motivating factor in the adverse action. For the purposes of this

1 subsection, "adverse action" means terminating, discharging, denying  
2 a promotion, demoting, failing to rehire after seasonal interruption  
3 of work, threatening, penalizing, retaliating, engaging in unfair  
4 immigration related practices, filing a false report with a  
5 government agency, changing an intermediary employee's status or pay  
6 rate or structure, eliminating eligibility for incentives or  
7 "bonuses," or otherwise discriminating against the person.

8 NEW SECTION. **Sec. 43.** (1) The department must adopt rules to  
9 implement and administer the delivery of benefits within this  
10 chapter, including rules for:

11 (a) Monitoring compliance of contributing agents;

12 (b) Establishing a fee on contributing agents to fund the  
13 department's compliance efforts;

14 (c) Monitoring compliance of benefit providers, including the  
15 ability to remove benefit providers that are out of compliance with  
16 the criteria established under this chapter;

17 (d) Providing procedures for eligible beneficiaries to select  
18 benefit providers, to change their selections annually, and to  
19 receive notices of the right to select different benefit providers;

20 (e) Providing procedures for community-based enforcement,  
21 including worker-led or worker organization-led complaints;

22 (f) Administering industrial insurance coverage for eligible  
23 beneficiaries under this chapter; and

24 (g) Establishing penalties on any contributing agents or eligible  
25 beneficiaries out-of-compliance. Such penalties may be used to fund  
26 the department's compliance efforts. If the penalty results directly  
27 from a complaint by a benefit provider, the collected award must be  
28 split between the department and the complainant.

29 (2) The department must designate staff dedicated to the  
30 investigation and enforcement of laws concerning intermediary  
31 employees. Both contributing agents and qualified benefit providers  
32 may be subject to unannounced audits by the department.

33 (3) In addition to any remedies provided by the department to an  
34 eligible beneficiary for a contributing agent's noncompliance, an  
35 eligible beneficiary may bring a private cause of action against a  
36 contributing agent for the contributing agent's failure to comply  
37 with the contribution requirements under this chapter.

38 (4) The department must adopt rules to implement and administer  
39 performance of wage boards within this chapter, including:

1 (a) Allowing represented workers to report violations of portable  
2 benefit contribution requirements or compliance with board  
3 determinations to the department. The department must investigate  
4 these complaints with the same diligence as any other employment or  
5 labor law violation;

6 (b) Providing validated worker representatives with standing to  
7 file complaints on the behalf of represented workers; and

8 (c) Establishing monetary penalties for a contributing agent  
9 found to be in violation of the standards established by the board.  
10 The department must set the amount of monetary penalties at no less  
11 than three times the amount owed in wages or benefit contributions.  
12 If the penalty results directly from a complaint by a benefit  
13 provider, the collected award must be split between the department  
14 and the complainant.

15 NEW SECTION. **Sec. 44.** (1) The department must contract with  
16 eligible worker representatives to implement outreach and education  
17 to eligible beneficiaries and covered intermediary employees.

18 (2) Organizations conducting outreach and education must educate  
19 eligible beneficiaries and covered intermediary employees about their  
20 legal rights, and help eligible beneficiaries and intermediary  
21 employees file reports of violations of laws and standards, including  
22 portable benefit contribution requirements and standards established  
23 by the wage board.

24 NEW SECTION. **Sec. 45.** The requirements on contributing agents  
25 and the benefits provided to eligible beneficiaries under this  
26 chapter may not be considered in determinations of an eligible  
27 beneficiary's employment status or the contributing agent's  
28 employment relationship to the eligible beneficiary.

29 NEW SECTION. **Sec. 46.** (1) Sections 1 through 11 of this act  
30 constitute a new chapter in Title 49 RCW.

31 (2) Sections 29 through 45 of this act constitute a new chapter  
32 in Title 49 RCW.

33 NEW SECTION. **Sec. 47.** If any provision of this act or its  
34 application to any person or circumstance is held invalid, the  
35 remainder of the act or the application of the provision to other  
36 persons or circumstances is not affected.

1        NEW SECTION.    **Sec. 48.**    If any part of this act is found to be in  
2 conflict with federal requirements that are a prescribed condition to  
3 the allocation of federal funds to the state or the eligibility of  
4 employers in this state for federal unemployment tax credits, the  
5 conflicting part of this act is inoperative solely to the extent of  
6 the conflict, and the finding or determination does not affect the  
7 operation of the remainder of this act. Rules adopted under this act  
8 must meet federal requirements that are a necessary condition to the  
9 receipt of federal funds by the state or the granting of federal  
10 unemployment tax credits to employers in this state.

11        NEW SECTION.    **Sec. 49.**    The following acts or parts of acts are  
12 each repealed:

13            (1) RCW 39.12.100 (Independent contractors—Criteria) and 2009 c  
14 63 s 1;

15            (2) RCW 50.04.140 (Employment—Exception tests) and 1991 c 246 s 6  
16 & 1945 c 35 s 15;

17            (3) RCW 50.04.145 (Employment—Exclusions) and 2008 c 102 s 1,  
18 1983 1st ex.s. c 23 s 25, & 1982 1st ex.s. c 18 s 13;

19            (4) RCW 51.08.181 ("Worker"—Registered contractor and electrician  
20 exclusions) and 2008 c 102 s 5; and

21            (5) RCW 51.08.195 ("Employer" and "worker"—Additional exception)  
22 and 2008 c 102 s 4 & 1991 c 246 s 1.

23        NEW SECTION.    **Sec. 50.**    Section 18 of this act expires December  
24 31, 2019.

25        NEW SECTION.    **Sec. 51.**    Section 19 of this act takes effect  
26 December 31, 2019.

27        NEW SECTION.    **Sec. 52.**    Section 7 of this act takes effect  
28 January 1, 2021.

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