

SENATE BILL REPORT

SB 5562

As Reported By Senate Committee On:
Labor & Workforce Development, February 15, 1999
Ways & Means, March 8, 1999

Title: An act relating to the payment of wages due an employee ceasing to work.

Brief Description: Declaring when payment of wages are due an employee ceasing to work.

Sponsors: Senators Franklin, Winsley, Costa, Fraser, Wojahn, Fairley, Prentice, Jacobsen and Kohl-Welles.

Brief History:

Committee Activity: Labor & Workforce Development: 2/8/99, 2/15/99 [DPS].
Ways & Means: 3/8/99.

SENATE COMMITTEE ON LABOR & WORKFORCE DEVELOPMENT

Majority Report: That Substitute Senate Bill No. 5562 be substituted therefor, and the substitute bill do pass.

Signed by Senators Fairley, Chair; Franklin, Vice Chair; Hochstatter, Kline, Oke and Wojahn.

Staff: Jill Reinmuth (786-7452)

SENATE COMMITTEE ON WAYS & MEANS

Staff: Steve Jones (786-7440)

Background: When an employee ceases to work for an employer, unpaid wages must be paid at the end of the pay period. In an action for unpaid wages, reasonable attorneys' fees are awarded to a prevailing employee. If the wages recovered are less than or equal to the wages admitted by the employer to be owed, however, no attorneys' fees are awarded.

Summary of Substitute Bill: When an employee ceases to work for an employer, the time when unpaid wages must be paid depends on the circumstances. When an employer discharges or lays off an employee or when employment is terminated by mutual agreement, unpaid wages must be paid by the end of the first day after the discharge, lay off, or termination. When an employee quits, unpaid wages must be paid by the end of the seventh day after the quit or the next regularly scheduled payday, whichever occurs first.

Penalties are imposed when an employer fails to pay unpaid wages. The daily wages of the employee continue from the due date to the date the wages are paid or the date an action for the wages is commenced. The daily wages may not continue for more than 30 days.

In an action for unpaid wages, reasonable attorneys' fees and costs are awarded to a prevailing employee. These fees and costs are awarded regardless of whether the wages recovered are less than or equal to the wages admitted by the employer to be owed.

Technical changes are made to eliminate provisos and correct cross references.

Substitute Bill Compared to Original Bill: The time when unpaid wages must be paid to an employee who quits is changed to the end of the seventh day after the quit or the next regularly scheduled payday, whichever occurs first.

Appropriation: None.

Fiscal Note: Available.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: Requiring employers to make final payments at the end of the pay period creates a great hardship for low-income workers, and an even greater hardship for low-income workers who must migrate between jobs. Requiring employers to make final payments in a more timely manner and providing adequate penalties for nonpayment would help all workers. This bill would align Washington law with similar laws in Oregon and California. The fiscal impact of the bill could be eliminated by exempting all public employers.

Testimony Against: Current law already requires that payments be made at least monthly. Major employers use large firms to process payroll and would incur significant additional costs to make final payments at a time other than at the end of the pay period. Growers and small businesses use small firms to process payroll or process payroll themselves. They would have great difficulty making final payments at a time other than at the end of the pay period. The wage claim problems recited by the bill's proponents are already illegal under current law. The bill would require state agencies to manually process checks for employees who leave state employment. Each transaction requires approximately five hours, resulting in significant fiscal impact, despite the lack of complaints from public employees.

Testified: PRO: Senator Rosa Franklin, prime sponsor; Roger Boatwright, REBOUND; Sarah Scanlon, SEIU; Jeff Johnson, Washington State Labor Council, AFL-CIO; Allan Darr, Robert Dilger, Washington State Building and Construction Trades Council; CON: Clif Finch, Association of Washington Business; Chris Cheney, Washington Growers' League; Gary Smith, Independent Business Association; OTHER: Randy Parr, Millie Lund, Office of Financial Management.