

SENATE BILL REPORT

SB 5533

As Reported By Senate Committee On:
Financial Institutions, Housing & Consumer Protection, February 16, 2005

Title: An act relating to information provided to and by financial institution employers.

Brief Description: Regulating information provided to and by financial institution employers.

Sponsors: Senators Fairley, Benton, Keiser, Benson, Kohl-Welles and Franklin.

Brief History:

Committee Activity: Financial Institutions, Housing & Consumer Protection: 2/2/05, 2/16/05 [DP].

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & CONSUMER PROTECTION

Majority Report: Do pass.

Signed by Senators Fairley, Chair; Berkey, Vice Chair; Benton, Ranking Minority Member; Benson, Brandland, Delvin, Franklin, Keiser, Prentice, Schmidt and Spanel.

Staff: Joanne Conrad (786-7472)

Background: Due to the nature of their business, and concerns regarding financial fraud and identity theft, financial institutions, perhaps to an even greater extent than most businesses, need to be able to rely upon the honesty and confidentiality of their employees. In the current legal climate, employers who are called upon to provide references for former employees are constrained by fear of legal liability, and may tend to underreport problems when communicating with a potential employer regarding an individual.

Summary of Bill: An employer who provides job-related information about an employee to a prospective employer that is a financial institution, is presumed to act in good faith and is immune from civil liability. This presumption may only be rebutted by a showing of clear and convincing evidence.

The employer providing the reference must retain certain written records for a specified time. The information provided must be relevant to "job performance," which is defined for purposes of the law.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

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

Testimony For: Financial institutions are concerned about theft and lending violations by employees. Many employers will only give a prospective employer the worker's employment dates, and are reluctant to provide other information, due to fear of litigation. This bill would make it easier for previous employers to disclose problems with employees, in order to prevent financial fraud.

Testimony Against: None.

Who Testified: PRO: Mark Minckiello, WA Credit Union League.

CON: None.