

2SHB 3121 - S COMM AMD

By Committee on Labor, Commerce, Research & Development

1 Strike everything after the enacting clause and insert the
2 following:

3 "Sec. 1. RCW 18.27.030 and 2007 c 436 s 3 are each amended to read
4 as follows:

5 (1) An applicant for registration as a contractor shall submit an
6 application under oath upon a form to be prescribed by the director and
7 which shall include the following information pertaining to the
8 applicant:

9 (a) Employer social security number.

10 (b) Unified business identifier number(~~(, if required by the~~
11 ~~department of revenue)~~).

12 (c) Evidence of workers' compensation coverage for the applicant's
13 employees working in Washington, as follows:

14 (i) The applicant's industrial insurance account number issued by
15 the department;

16 (ii) The applicant's self-insurer number issued by the department;
17 or

18 (iii) For applicants domiciled in a state or province of Canada
19 subject to an agreement entered into under RCW 51.12.120(7), as
20 permitted by the agreement, filing a certificate of coverage issued by
21 the agency that administers the workers' compensation law in the
22 applicant's state or province of domicile certifying that the applicant
23 has secured the payment of compensation under the other state's or
24 province's workers' compensation law.

25 (d) Employment security department number.

26 (e) (~~State excise tax registration number.~~

27 ~~(f)~~) Unified business identifier (UBI) account number may be
28 substituted for the information required by (c) and (d) of this
29 subsection if the applicant will not employ employees in Washington(~~(~~
30 ~~and by (d) and (e) of this subsection)~~).

1 ~~((g))~~ (f) Type of contracting activity, whether a general or a
2 specialty contractor and if the latter, the type of specialty.

3 ~~((h))~~ (g) The name and address of each partner if the applicant
4 is a firm or partnership, or the name and address of the owner if the
5 applicant is an individual proprietorship, or the name and address of
6 the corporate officers and statutory agent, if any, if the applicant is
7 a corporation or the name and address of all members of other business
8 entities. The information contained in such application is a matter of
9 public record and open to public inspection.

10 (2) The department may verify the workers' compensation coverage
11 information provided by the applicant under subsection (1)(c) of this
12 section, including but not limited to information regarding the
13 coverage of an individual employee of the applicant. If coverage is
14 provided under the laws of another state, the department may notify the
15 other state that the applicant is employing employees in Washington.

16 (3)(a) The department shall deny an application for registration
17 if: (i) The applicant has been previously performing work subject to
18 this chapter as a sole proprietor, partnership, corporation, or other
19 entity and the department has notice that the applicant has an
20 unsatisfied final judgment against him or her in an action based on
21 work performed subject to this chapter or the applicant owes the
22 department money for penalties assessed or fees due under this chapter
23 as a result of a final judgment; (ii) the applicant was an owner,
24 principal, or officer of a partnership, corporation, or other entity
25 that either has an unsatisfied final judgment against it in an action
26 that was incurred for work performed subject to this chapter or owes
27 the department money for penalties assessed or fees due under this
28 chapter as a result of a final judgment; ~~((e))~~ (iii) the applicant
29 does not have a valid unified business identifier number(~~, if required~~
30 ~~by the department of revenue~~); (iv) the department determines that the
31 applicant has falsified information on the application, unless the
32 error was inadvertent; or (v) the applicant does not have an active and
33 valid certificate of registration with the department of revenue.

34 (b) The department shall suspend an active registration if (i) the
35 department has determined that the registrant has an unsatisfied final
36 judgment against it for work within the scope of this chapter; (ii) the
37 department has determined that the registrant is a sole proprietor or
38 an owner, principal, or officer of a registered contractor that has an

1 unsatisfied final judgment against it for work within the scope of this
2 chapter; ~~((~~or~~))~~ (iii) the registrant does not maintain a valid unified
3 business identifier number ~~((, if required by the department of
4 revenue)); (iv) the department has determined that the registrant
5 falsified information on the application, unless the error was
6 inadvertent; or (v) the registrant does not have an active and valid
7 certificate of registration with the department of revenue.~~

8 (c) The department may suspend an active registration if the
9 department has determined that an owner, principal, partner, or officer
10 of the registrant was an owner, principal, or officer of a previous
11 partnership, corporation, or other entity that has an unsatisfied final
12 judgment against it.

13 (4) The department shall not deny an application or suspend a
14 registration because of an unsatisfied final judgment if the
15 applicant's or registrant's unsatisfied final judgment was determined
16 by the director to be the result of the fraud or negligence of another
17 party.

18 **Sec. 2.** RCW 18.27.100 and 2001 c 159 s 8 are each amended to read
19 as follows:

20 (1) Except as provided in RCW 18.27.065 for partnerships and joint
21 ventures, no person who has registered under one name as provided in
22 this chapter shall engage in the business, or act in the capacity, of
23 a contractor under any other name unless such name also is registered
24 under this chapter.

25 (2) All advertising and all contracts, correspondence, cards,
26 signs, posters, papers, and documents which show a contractor's name or
27 address shall show the contractor's name or address as registered under
28 this chapter.

29 (3)(a) All advertising that shows the contractor's name or address
30 shall show the contractor's current registration number. The
31 registration number may be omitted in an alphabetized listing of
32 registered contractors stating only the name, address, and telephone
33 number: PROVIDED, That signs on motor vehicles subject to RCW
34 46.16.010 and on-premise signs shall not constitute advertising as
35 provided in this section. All materials used to directly solicit
36 business from retail customers who are not businesses shall show the
37 contractor's current registration number. A contractor shall not use

1 a false or expired registration number in purchasing or offering to
2 purchase an advertisement for which a contractor registration number is
3 required. Advertising by airwave transmission shall not be subject to
4 this subsection (3)(a).

5 (b) The director may issue a subpoena to any person or entity
6 selling any advertising subject to this section for the name, address,
7 and telephone number provided to the seller of the advertising by the
8 purchaser of the advertising. The subpoena must have enclosed a
9 stamped, self-addressed envelope and blank form to be filled out by the
10 seller of the advertising. If the seller of the advertising has the
11 information on file, the seller shall, within a reasonable time, return
12 the completed form to the department. The subpoena must be issued no
13 more than two days after the expiration of the issue or publication
14 containing the advertising or after the broadcast of the advertising.
15 The good-faith compliance by a seller of advertising with a written
16 request of the department for information concerning the purchaser of
17 advertising shall constitute a complete defense to any civil or
18 criminal action brought against the seller of advertising arising from
19 such compliance. Advertising by airwave or electronic transmission is
20 subject to this subsection (3)(b).

21 (4) No contractor shall advertise that he or she is bonded and
22 insured because of the bond required to be filed and sufficiency of
23 insurance as provided in this chapter.

24 (5) A contractor shall not falsify a registration number and use
25 it, or use an expired registration number, in connection with any
26 solicitation or identification as a contractor. All individual
27 contractors and all partners, associates, agents, salesmen, solicitors,
28 officers, and employees of contractors shall use their true names and
29 addresses at all times while engaged in the business or capacity of a
30 contractor or activities related thereto.

31 (6) Any advertising by a person, firm, or corporation soliciting
32 work as a contractor when that person, firm, or corporation is not
33 registered pursuant to this chapter is a violation of this chapter.

34 (7) An applicant or registrant who falsifies information on an
35 application for registration commits a violation under this section.

36 (8)(a) The finding of a violation of this section by the director
37 at a hearing held in accordance with the Administrative Procedure Act,

1 chapter 34.05 RCW, shall subject the person committing the violation to
2 a penalty of not more than ten thousand dollars as determined by the
3 director.

4 (b) Penalties under this section shall not apply to a violation
5 determined to be an inadvertent error.

6 NEW SECTION. **Sec. 3.** A new section is added to chapter 39.12 RCW
7 to read as follows:

8 A contractor shall not be allowed to bid on any public works
9 contract for one year from the date of a final determination that the
10 contractor has committed any combination of two of the following
11 violations or infractions within a five-year period:

- 12 (1) Violated RCW 51.48.020(1) or 51.48.103; or
13 (2) Committed an infraction or violation under chapter 18.27 RCW
14 for performing work as an unregistered contractor.

15 NEW SECTION. **Sec. 4.** A new section is added to chapter 18.27 RCW
16 to read as follows:

17 A contractor found to have committed an infraction or violation
18 under this chapter for performing work as an unregistered contractor
19 shall, in addition to any penalties under this chapter, be subject to
20 the penalties in section 3 of this act.

21 **Sec. 5.** RCW 51.16.070 and 1997 c 54 s 3 are each amended to read
22 as follows:

23 (1)(a) Every employer shall keep at his or her place of business a
24 record of his or her employment from which the information needed by
25 the department may be obtained and such record shall at all times be
26 open to the inspection of the director, supervisor of industrial
27 insurance, or the traveling auditors, agents, or assistants of the
28 department, as provided in RCW 51.48.040.

29 (b) An employer who contracts with another person or entity for
30 work subject to chapter 18.27 or 19.28 RCW shall obtain and preserve a
31 record of the unified business identifier account number for and the
32 compensation paid to the person or entity performing the work. Failure
33 to obtain or maintain the record is subject to RCW 39.06.010 and to a
34 penalty under RCW 51.48.030.

1 (2) Information obtained from employing unit records under the
2 provisions of this title shall be deemed confidential and shall not be
3 open to public inspection (other than to public employees in the
4 performance of their official duties), but any interested party shall
5 be supplied with information from such records to the extent necessary
6 for the proper presentation of the case in question: PROVIDED, That
7 any employing unit may authorize inspection of its records by written
8 consent.

9 **Sec. 6.** RCW 50.13.060 and 2005 c 274 s 322 are each amended to
10 read as follows:

11 (1) Governmental agencies, including law enforcement agencies,
12 prosecuting agencies, and the executive branch, whether state, local,
13 or federal shall have access to information or records deemed private
14 and confidential under this chapter if the information or records are
15 needed by the agency for official purposes and:

16 (a) The agency submits an application in writing to the employment
17 security department for the records or information containing a
18 statement of the official purposes for which the information or records
19 are needed and specific identification of the records or information
20 sought from the department; and

21 (b) The director, commissioner, chief executive, or other official
22 of the agency has verified the need for the specific information in
23 writing either on the application or on a separate document; and

24 (c) The agency requesting access has served a copy of the
25 application for records or information on the individual or employing
26 unit whose records or information are sought and has provided the
27 department with proof of service. Service shall be made in a manner
28 which conforms to the civil rules for superior court. The requesting
29 agency shall include with the copy of the application a statement to
30 the effect that the individual or employing unit may contact the public
31 records officer of the employment security department to state any
32 objections to the release of the records or information. The
33 employment security department shall not act upon the application of
34 the requesting agency until at least five days after service on the
35 concerned individual or employing unit. The employment security
36 department shall consider any objections raised by the concerned

1 individual or employing unit in deciding whether the requesting agency
2 needs the information or records for official purposes.

3 (2) The requirements of subsections (1) and (9) of this section
4 shall not apply to the state legislative branch. The state legislature
5 shall have access to information or records deemed private and
6 confidential under this chapter, if the legislature or a legislative
7 committee finds that the information or records are necessary and for
8 official purposes. If the employment security department does not make
9 information or records available as provided in this subsection, the
10 legislature may exercise its authority granted by chapter 44.16 RCW.

11 (3) In cases of emergency the governmental agency requesting access
12 shall not be required to formally comply with the provisions of
13 subsection (1) of this section at the time of the request if the
14 procedures required by subsection (1) of this section are complied with
15 by the requesting agency following the receipt of any records or
16 information deemed private and confidential under this chapter. An
17 emergency is defined as a situation in which irreparable harm or damage
18 could occur if records or information are not released immediately.

19 (4) The requirements of subsection (1)(c) of this section shall not
20 apply to governmental agencies where the procedures would frustrate the
21 investigation of possible violations of criminal laws or to the release
22 of employing unit names, addresses, number of employees, and aggregate
23 employer wage data for the purpose of state governmental agencies
24 preparing small business economic impact statements under chapter 19.85
25 RCW or preparing cost-benefit analyses under RCW 34.05.328(1) (c) and
26 (d). Information provided by the department and held to be private and
27 confidential under state or federal laws must not be misused or
28 released to unauthorized parties. A person who misuses such
29 information or releases such information to unauthorized parties is
30 subject to the sanctions in RCW 50.13.080.

31 (5) Governmental agencies shall have access to certain records or
32 information, limited to such items as names, addresses, social security
33 numbers, and general information about benefit entitlement or employer
34 information possessed by the department, for comparison purposes with
35 records or information possessed by the requesting agency to detect
36 improper or fraudulent claims, or to determine potential tax liability
37 or employer compliance with registration and licensing requirements.

1 In those cases the governmental agency shall not be required to comply
2 with subsection (1)(c) of this section, but the requirements of the
3 remainder of subsection (1) of this section must be satisfied.

4 (6) Governmental agencies may have access to certain records and
5 information, limited to employer information possessed by the
6 department for purposes authorized in chapter 50.38 RCW. Access to
7 these records and information is limited to only those individuals
8 conducting authorized statistical analysis, research, and evaluation
9 studies. Only in cases consistent with the purposes of chapter 50.38
10 RCW are government agencies not required to comply with subsection
11 (1)(c) of this section, but the requirements of the remainder of
12 subsection (1) of this section must be satisfied. Information provided
13 by the department and held to be private and confidential under state
14 or federal laws shall not be misused or released to unauthorized
15 parties subject to the sanctions in RCW 50.13.080.

16 (7) Disclosure to governmental agencies of information or records
17 obtained by the employment security department from the federal
18 government shall be governed by any applicable federal law or any
19 agreement between the federal government and the employment security
20 department where so required by federal law. When federal law does not
21 apply to the records or information state law shall control.

22 (8) The department may provide information for purposes of
23 statistical analysis and evaluation of the WorkFirst program or any
24 successor state welfare program to the department of social and health
25 services, the office of financial management, and other governmental
26 entities with oversight or evaluation responsibilities for the program
27 in accordance with RCW 43.20A.080. The confidential information
28 provided by the department shall remain the property of the department
29 and may be used by the authorized requesting agencies only for
30 statistical analysis, research, and evaluation purposes as provided in
31 RCW 74.08A.410 and 74.08A.420. The department of social and health
32 services, the office of financial management, or other governmental
33 entities with oversight or evaluation responsibilities for the program
34 are not required to comply with subsection (1)(c) of this section, but
35 the requirements of the remainder of subsection (1) of this section and
36 applicable federal laws and regulations must be satisfied. The
37 confidential information used for evaluation and analysis of welfare

1 reform supplied to the authorized requesting entities with regard to
2 the WorkFirst program or any successor state welfare program are exempt
3 from public inspection and copying under chapter 42.56 RCW.

4 (9) The disclosure of any records or information by a governmental
5 agency which has obtained the records or information under this section
6 is prohibited unless the disclosure is (a) directly connected to the
7 official purpose for which the records or information were obtained or
8 (b) to another governmental agency which would be permitted to obtain
9 the records or information under subsection (4) or (5) of this section.

10 (10) In conducting periodic salary or fringe benefit studies
11 pursuant to law, the department of personnel shall have access to
12 records of the employment security department as may be required for
13 such studies. For such purposes, the requirements of subsection (1)(c)
14 of this section need not apply.

15 (11)(a) To promote the reemployment of job seekers, the
16 commissioner may enter into data-sharing contracts with partners of the
17 one-stop career development system. The contracts shall provide for
18 the transfer of data only to the extent that the transfer is necessary
19 for the efficient provisions of workforce programs, including but not
20 limited to public labor exchange, unemployment insurance, worker
21 training and retraining, vocational rehabilitation, vocational
22 education, adult education, transition from public assistance, and
23 support services. The transfer of information under contracts with
24 one-stop partners is exempt from subsection (1)(c) of this section.

25 (b) An individual who applies for services from the department and
26 whose information will be shared under (a) of this subsection (11) must
27 be notified that his or her private and confidential information in the
28 department's records will be shared among the one-stop partners to
29 facilitate the delivery of one-stop services to the individual. The
30 notice must advise the individual that he or she may request that
31 private and confidential information not be shared among the one-stop
32 partners and the department must honor the request. In addition, the
33 notice must:

34 (i) Advise the individual that if he or she requests that private
35 and confidential information not be shared among one-stop partners, the
36 request will in no way affect eligibility for services;

37 (ii) Describe the nature of the information to be shared, the

1 general use of the information by one-stop partner representatives, and
2 among whom the information will be shared;

3 (iii) Inform the individual that shared information will be used
4 only for the purpose of delivering one-stop services and that further
5 disclosure of the information is prohibited under contract and is not
6 subject to disclosure under chapter 42.56 RCW; and

7 (iv) Be provided in English and an alternative language selected by
8 the one-stop center or job service center as appropriate for the
9 community where the center is located.

10 If the notice is provided in-person, the individual who does not
11 want private and confidential information shared among the one-stop
12 partners must immediately advise the one-stop partner representative of
13 that decision. The notice must be provided to an individual who
14 applies for services telephonically, electronically, or by mail, in a
15 suitable format and within a reasonable time after applying for
16 services, which shall be no later than ten working days from the
17 department's receipt of the application for services. A one-stop
18 representative must be available to answer specific questions regarding
19 the nature, extent, and purpose for which the information may be
20 shared.

21 (12) To facilitate improved operation and evaluation of state
22 programs, the commissioner may enter into data-sharing contracts with
23 other state agencies only to the extent that such transfer is necessary
24 for the efficient operation or evaluation of outcomes for those
25 programs. The transfer of information by contract under this
26 subsection is exempt from subsection (1)(c) of this section.

27 (13) The misuse or unauthorized release of records or information
28 by any person or organization to which access is permitted by this
29 chapter subjects the person or organization to a civil penalty of five
30 thousand dollars and other applicable sanctions under state and federal
31 law. Suit to enforce this section shall be brought by the attorney
32 general and the amount of any penalties collected shall be paid into
33 the employment security department administrative contingency fund.
34 The attorney general may recover reasonable attorneys' fees for any
35 action brought to enforce this section.

36 **Sec. 7.** RCW 50.12.070 and 2007 c 146 s 1 are each amended to read
37 as follows:

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

9 (b) An employer who contracts with another person or entity for
10 work subject to chapter 18.27 or 19.28 RCW shall obtain and preserve a
11 record of the unified business identifier account number for and
12 compensation paid to the person or entity performing the work. Failure
13 to obtain or maintain the record is subject to RCW 39.06.010 and to a
14 penalty determined by the commissioner, but not to exceed two hundred
15 fifty dollars, to be collected as provided in RCW 50.24.120.

16 (2)(a) Each employer shall register with the department and obtain
17 an employment security account number. Registration must include the
18 names and social security numbers of the owners, partners, members, or
19 corporate officers of the business, as well as their mailing addresses
20 and telephone numbers and other information the commissioner may by
21 rule prescribe. Registration of corporations must also include the
22 percentage of stock ownership for each corporate officer, delineated by
23 zero percent, less than ten percent, or ten percent or more. Any
24 changes in the owners, partners, members, or corporate officers of the
25 business, and changes in percentage of ownership of the outstanding
26 shares of stock of the corporation, must be reported to the department
27 at intervals prescribed by the commissioner under (b) of this
28 subsection.

29 (b) Each employer shall make periodic reports at such intervals as
30 the commissioner may by regulation prescribe, setting forth the
31 remuneration paid for employment to workers in its employ, the full
32 names and social security numbers of all such workers, and the total
33 hours worked by each worker and such other information as the
34 commissioner may by regulation prescribe.

35 (c) If the employing unit fails or has failed to report the number
36 of hours in a reporting period for which a worker worked, such number
37 will be computed by the commissioner and given the same force and
38 effect as if it had been reported by the employing unit. In computing

1 the number of such hours worked, the total wages for the reporting
2 period, as reported by the employing unit, shall be divided by the
3 dollar amount of the state's minimum wage in effect for such reporting
4 period and the quotient, disregarding any remainder, shall be credited
5 to the worker: PROVIDED, That although the computation so made will
6 not be subject to appeal by the employing unit, monetary entitlement
7 may be redetermined upon request if the department is provided with
8 credible evidence of the actual hours worked. Benefits paid using
9 computed hours are not considered an overpayment and are not subject to
10 collections when the correction of computed hours results in an invalid
11 or reduced claim; however:

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

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

20 **Sec. 8.** RCW 51.48.103 and 2003 c 53 s 283 are each amended to read
21 as follows:

22 (1) It is a gross misdemeanor:

23 (a) For any employer to engage in business subject to this title
24 without having obtained a certificate of coverage as provided for in
25 this title;

26 (b) For the president, vice president, secretary, treasurer, or
27 other officer of any company to cause or permit the company to engage
28 in business subject to this title without having obtained a certificate
29 of coverage as provided for in this title.

30 (2) It is a class C felony punishable according to chapter 9A.20
31 RCW:

32 (a) For any employer to engage in business subject to this title
33 after the employer's certificate of coverage has been revoked by order
34 of the department;

35 (b) For the president, vice president, secretary, treasurer, or
36 other officer of any company to cause or permit the company to engage

1 in business subject to this title after revocation of a certificate of
2 coverage.

3 (3) An employer found to have violated this section shall, in
4 addition to any other penalties, be subject to the penalties in section
5 3 of this act.

6 **Sec. 9.** RCW 51.48.020 and 1997 c 324 s 1 are each amended to read
7 as follows:

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

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

16 (i) The employer, with intent to evade determination and payment of
17 the correct amount of the premiums, knowingly makes misrepresentations
18 regarding payroll or employee hours; or

19 (ii) The employer engages in employment covered under this title
20 and, with intent to evade determination and payment of the correct
21 amount of the premiums, knowingly fails to secure payment of
22 compensation under this title or knowingly fails to report the payroll
23 or employee hours related to that employment.

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

29 (i) Collect the premium and interest and transmit it to the
30 department of labor and industries; and

31 (ii) Collect the penalty and disburse it pro rata as follows: One-
32 third to the investigative agencies involved; one-third to the
33 prosecuting authority; and one-third to the general fund of the county
34 in which the matter was prosecuted.

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

1 (d) An employer found to have violated this subsection shall, in
2 addition to any other penalties, be subject to the penalties in section
3 3 of this act.

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

8 **Sec. 10.** 2007 c 288 s 2 (uncodified) is amended to read as
9 follows:

10 (1) The joint legislative task force on the underground economy in
11 the Washington state construction industry is established. For
12 purposes of this section, "underground economy" means contracting and
13 construction activities in which payroll is unreported or underreported
14 with consequent nonpayment of payroll taxes to federal and state
15 agencies including nonpayment of workers' compensation and unemployment
16 compensation taxes.

17 (2) The purpose of the task force is to formulate a state policy to
18 establish cohesion and transparency between state agencies so as to
19 increase the oversight and regulation of the underground economy
20 practices in the construction industry in this state. To assist the
21 task force in achieving this goal and to determine the extent of and
22 projected costs to the state and workers of the underground economy in
23 the construction industry, the task force shall contract with the
24 institute for public policy, or, if the institute is unavailable,
25 another entity with expertise capable of providing such assistance.

26 (3)(a) The task force shall consist of the following members:

27 (i) The chair and ranking minority member of the senate labor,
28 commerce, research and development committee;

29 (ii) The chair and ranking minority member of the house of
30 representatives commerce and labor committee;

31 (iii) Four members representing the construction business, selected
32 from nominations submitted by statewide construction business
33 organizations and appointed jointly by the president of the senate and
34 the speaker of the house of representatives;

35 (iv) Four members representing construction laborers, selected from
36 nominations submitted by statewide labor organizations and appointed

1 jointly by the president of the senate and the speaker of the house of
2 representatives.

3 (b) In addition, the employment security department, the department
4 of labor and industries, and the department of revenue shall cooperate
5 with the task force and shall each maintain a liaison representative,
6 who is a nonvoting member of the task force. The departments shall
7 cooperate with the task force and the institute for public policy, or
8 other entity as appropriate, and shall provide information and data as
9 the task force or the institute, or other entity as appropriate, may
10 reasonably request.

11 (c) The task force shall choose its chair or cochairs from among
12 its legislative membership. The chairs of the senate labor, commerce,
13 research and development committee and the house of representatives
14 commerce and labor committee shall convene the initial meeting of the
15 task force.

16 (4)(a) The task force shall use legislative facilities and staff
17 support shall be provided by senate committee services and the house of
18 representatives office of program research. Within available funding,
19 the task force may hire additional staff with specific technical
20 expertise if such expertise is necessary to carry out the mandates of
21 this study.

22 (b) Legislative members of the task force shall be reimbursed for
23 travel expenses in accordance with RCW 44.04.120. Nonlegislative
24 members, except those representing an employer or organization, are
25 entitled to be reimbursed for travel expenses in accordance with RCW
26 43.03.050 and 43.03.060.

27 (c) The expenses of the task force will be paid jointly by the
28 senate and house of representatives. Task force expenditures are
29 subject to approval by the senate facilities and operations committee
30 and the house of representatives executive rules committee, or their
31 successor committees.

32 (5) The task force shall report its preliminary findings and
33 recommendations to the legislature by January 1, 2008, and submit a
34 final report to the legislature by December 31, 2008.

35 (6) This section expires July 1, ((2008)) 2009.

36 NEW SECTION. **Sec. 11.** (1)(a) Three staff members, one being a

1 working supervisor, must be added to the department of labor and
2 industries' fraud audit infraction and revenue contractor fraud team.

3 (b) The department of labor and industries and the employment
4 security department shall hire more auditors to assist with their
5 enforcement activities relating to the underground economy in the
6 construction industry. At a minimum, the department of labor and
7 industries shall hire three more auditors.

8 (2) If funds are made available in the 2008 supplemental budget,
9 money must be dedicated to the attorney general's office to be used in
10 the enforcement of contractor compliance cases.

11 NEW SECTION. **Sec. 12.** A new section is added to chapter 18.27 RCW
12 to read as follows:

13 The department shall create an expanded social marketing campaign
14 using currently available materials and newly created materials as
15 needed. This campaign should be aimed at consumers and warn them of
16 the risks and potential consequences of hiring unregistered contractors
17 or otherwise assisting in the furtherance of the underground economy.
18 The campaign may include: Providing public service announcements and
19 other similar materials, made available in English as well as other
20 languages, to the media and to community groups; providing information
21 on violations and penalties; and encouraging legitimate contractors and
22 the public to report fraud.

23 NEW SECTION. **Sec. 13.** A new section is added to chapter 43.22 RCW
24 to read as follows:

25 (1) A pilot project must be established between the department and
26 certain local jurisdictions to explore ways to improve the collection
27 and sharing of building permit information. Participation must be
28 voluntary for the local jurisdictions who participate, but one large
29 city, some smaller cities, and at least one county are encouraged to
30 participate.

31 (2) The department must report back to the appropriate committees
32 of the legislature on the progress of the pilot project by November 15,
33 2013.

34 (3) The department may adopt rules to undertake the pilot project
35 under this section.

36 (4) This section expires December 1, 2014.

1 NEW SECTION. **Sec. 14.** An advisory committee must be organized by
2 the Washington state institute for public policy with the assistance of
3 the department of revenue, the department of labor and industries, and
4 the employment security department, with a goal of establishing
5 benchmarks for future monitoring of activities recommended by the task
6 force on the underground economy in the construction industry.
7 Benchmarks should measure the effect of task force recommendations to
8 determine their efficiency and effectiveness and to determine if
9 additional approaches should be explored. Establishment of these
10 benchmarks along with a more concerted effort to develop data that
11 answer the baseline question of the magnitude of the problem could be
12 discussed in a legislative extension of the task force. The institute
13 must provide a preliminary report to the senate labor, commerce,
14 research and development committee and the house of representatives
15 commerce and labor committee by December 31, 2008.

16 NEW SECTION. **Sec. 15.** If any part of this act is found to be in
17 conflict with federal requirements that are a prescribed condition to
18 the allocation of federal funds to the state, the conflicting part of
19 this act is inoperative solely to the extent of the conflict and with
20 respect to the agencies directly affected, and this finding does not
21 affect the operation of the remainder of this act in its application to
22 the agencies concerned. Rules adopted under this act must meet federal
23 requirements that are a necessary condition to the receipt of federal
24 funds by the state.

25 NEW SECTION. **Sec. 16.** If any provision of this act or its
26 application to any person or circumstance is held invalid, the
27 remainder of the act or the application of the provision to other
28 persons or circumstances is not affected.

29 NEW SECTION. **Sec. 17.** If specific funding for the purposes of
30 this act, referencing this act by bill or chapter number, is not
31 provided by June 30, 2008, in the omnibus appropriations act, this act
32 is null and void."

2SHB 3121 - S COMM AMD

By Committee on Labor, Commerce, Research & Development

1 On page 1, line 3 of the title, after "industry;" strike the
2 remainder of the title and insert "amending RCW 18.27.030, 18.27.100,
3 51.16.070, 50.13.060, 50.12.070, 51.48.103, and 51.48.020; amending
4 2007 c 288 s 2 (uncodified); adding a new section to chapter 39.12 RCW;
5 adding new sections to chapter 18.27 RCW; adding a new section to
6 chapter 43.22 RCW; creating new sections; and providing expiration
7 dates."

EFFECT: In the penalty section, removes the "willfully" standard
and keeps the current "knowingly" standard.

--- END ---