

CERTIFICATION OF ENROLLMENT

**SENATE BILL 5926**

Chapter 288, Laws of 2007

60th Legislature  
2007 Regular Session

CONSTRUCTION--UNDERGROUND ECONOMY--TASK FORCE

EFFECTIVE DATE: 05/02/07

Passed by the Senate April 16, 2007  
YEAS 49 NAYS 0

BRAD OWEN

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**President of the Senate**

Passed by the House April 9, 2007  
YEAS 98 NAYS 0

FRANK CHOPP

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**Speaker of the House of Representatives**

Approved May 2, 2007, 3:04 p.m.

CHRISTINE GREGOIRE  
\_\_\_\_\_  
**Governor of the State of Washington**

CERTIFICATE

I, Thomas Hoemann, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SENATE BILL 5926** as passed by the Senate and the House of Representatives on the dates hereon set forth.

THOMAS HOEMANN

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**Secretary**

FILED

May 3, 2007

**Secretary of State  
State of Washington**

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**SENATE BILL 5926**

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AS AMENDED BY THE HOUSE

Passed Legislature - 2007 Regular Session

**State of Washington                      60th Legislature                      2007 Regular Session**

**By** Senators Kohl-Welles, Clements, Kastama, Weinstein, Fairley, Keiser, Marr, Tom, Murray, Oemig, Sheldon and Kline

Read first time 02/07/2007. Referred to Committee on Labor, Commerce, Research & Development.

1            AN ACT Relating to creating a joint legislative task force to  
2 review the underground economy in the construction industry; creating  
3 new sections; providing an expiration date; and declaring an emergency.

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

5            NEW SECTION.    **Sec. 1.** The legislature finds that some current  
6 estimates place the percentage of unreported employment in Washington  
7 state's construction industry at between twenty percent and fifty  
8 percent, although solid data on this phenomenon is not readily  
9 available in Washington. The legislature also finds that unreported  
10 construction employment may result in the loss of a worker's employment  
11 rights and protections, including workers' compensation and  
12 unemployment insurance compensation. The legislature further finds  
13 that unreported construction employment also could deny the state the  
14 revenues it is due, including sales taxes, business and occupation  
15 taxes, and other business fees paid to the state. The legislature  
16 declares that the underground economy in this state may permit unfair  
17 conditions to exist against persons working in the construction  
18 industry who do follow the employment laws and appropriately pay taxes.

1 It is the legislature's intent to determine the extent and potential  
2 costs to the state of the underground economy in the construction  
3 industry.

4 NEW SECTION. **Sec. 2.** (1) The joint legislative task force on the  
5 underground economy in the Washington state construction industry is  
6 established. For purposes of this section, "underground economy" means  
7 contracting and construction activities in which payroll is unreported  
8 or underreported with consequent nonpayment of payroll taxes to federal  
9 and state agencies including nonpayment of workers' compensation and  
10 unemployment compensation taxes.

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

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

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

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

25 (iii) Four members representing the construction business, selected  
26 from nominations submitted by statewide construction business  
27 organizations and appointed jointly by the president of the senate and  
28 the speaker of the house of representatives;

29 (iv) Four members representing construction laborers, selected from  
30 nominations submitted by statewide labor organizations and appointed  
31 jointly by the president of the senate and the speaker of the house of  
32 representatives.

33 (b) In addition, the employment security department, the department  
34 of labor and industries, and the department of revenue shall cooperate  
35 with the task force and shall each maintain a liaison representative,  
36 who is a nonvoting member of the task force. The departments shall  
37 cooperate with the task force and the institute for public policy, or

1 other entity as appropriate, and shall provide information and data as  
2 the task force or the institute, or other entity as appropriate, may  
3 reasonably request.

4 (c) The task force shall choose its chair or cochairs from among  
5 its legislative membership. The chairs of the senate labor, commerce,  
6 research and development committee and the house of representatives  
7 commerce and labor committee shall convene the initial meeting of the  
8 task force.

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

15 (b) Legislative members of the task force shall be reimbursed for  
16 travel expenses in accordance with RCW 44.04.120. Nonlegislative  
17 members, except those representing an employer or organization, are  
18 entitled to be reimbursed for travel expenses in accordance with RCW  
19 43.03.050 and 43.03.060.

20 (c) The expenses of the task force will be paid jointly by the  
21 senate and house of representatives. Task force expenditures are  
22 subject to approval by the senate facilities and operations committee  
23 and the house of representatives executive rules committee, or their  
24 successor committees.

25 (5) The task force shall report its findings and recommendations to  
26 the legislature by January 1, 2008.

27 (6) This section expires July 1, 2008.

28 NEW SECTION. **Sec. 3.** This act is necessary for the immediate  
29 preservation of the public peace, health, or safety, or support of the  
30 state government and its existing public institutions, and takes effect  
31 immediately.

Passed by the Senate April 16, 2007.  
Passed by the House April 9, 2007.  
Approved by the Governor May 2, 2007.  
Filed in Office of Secretary of State May 3, 2007.