

SENATE BILL REPORT

SB 5360

As Reported by Senate Committee On:
Commerce & Labor, February 7, 2014

Title: An act relating to the collection of unpaid wages.

Brief Description: Addressing the collection of unpaid wages.

Sponsors: Senators Conway, Keiser, Hasegawa, Kohl-Welles, Frockt and Kline; by request of Department of Labor & Industries.

Brief History:

Committee Activity: Commerce & Labor: 2/04/13, 2/06/13, 2/03/14, 2/07/14 [DPS].

SENATE COMMITTEE ON COMMERCE & LABOR

Majority Report: That Substitute Senate Bill No. 5360 be substituted therefor, and the substitute bill do pass.

Signed by Senators Holmquist Newbry, Chair; Braun, Vice Chair; Conway, Ranking Member; Hasegawa, Hewitt, King and Kohl-Welles.

Staff: Mac Nicholson (786-7445)

Background: The Wage Payment Act allows the Department of Labor & Industries (L&I) to collect unpaid wages on behalf of workers. A worker who believes an employer owes the worker wages can file a wage complaint with L&I. Upon receipt of a wage complaint, L&I has 60 days to investigate the complaint and determine whether the employer owes wages. If L&I determines that wages are owed, a citation and notice of assessment will be issued and sent to the employer and employee. L&I can order the employer to pay wages owed, including interest, and a civil penalty if the violation was willful.

If a final order is issued and the employer defaults in payment of wages owed or the civil penalty, L&I can file a warrant with the county clerk, the amount of which becomes a lien on the employer's real or personal property.

If L&I believes any person or entity possesses any property belonging to the employer, L&I can issue a notice to withhold and deliver (NWD). An NWD allows L&I to levy the employer's property held by third parties, including banks and other financial institutions. NWDs must be served personally or via certified mail. A person or entity who receives an

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NWD has 20 days to respond, and if the person or entity possesses any property subject to the claim, it must promptly deliver the property to L&I.

The Department of Revenue (DOR) also uses NWDs to secure payment of delinquent taxes. DOR is authorized to electronically serve the NWD to financial institutions.

Summary of Bill: The bill as referred to committee not considered.

Summary of Bill (Recommended Substitute): L&I may electronically serve NWDs to financial institutions by providing a list of outstanding warrants to DOR. DOR may include the L&I warrants in any NWD served by DOR.

A financial institution served with an electronic NWD must respond within 30 days.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony:

Testimony From 2013 Regular Session.

PRO: Statistics show that 85 percent of L&I worker wage claims are resolved before a citation is given. There are 3000 workers currently who are owed \$1 million by 1600 employers. This is one more tool we can use. DOR also has the ability to do this.

CON: We have specific technical concerns that we will have to work out with L&I.

OTHER: We are working with L&I to address our concerns, but this legislation needs further work.

Testimony From 2014 Regular Session.

PRO: This is an agency-request bill. The substitute language would allow L&I to add their NWDs electronically to DOR's system. This is discretionary for DOR and allows the agencies to work out the bugs.

Persons Testifying:

Testimony From 2013 Regular Session.

PRO: Joel Sacks, Elizabeth Smith, L&I.

CON: Brad Tower, Community Bankers of WA, United Financial Lobby.

OTHER: Gary Smith, Independent Business Assn.

Testimony From 2014 Regular Session.

PRO: Liz Smith, L&I.