

# HOUSE BILL REPORT

## HB 1006

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**As Reported by House Committee On:**  
Labor

**Title:** An act relating to damages for wage violations.

**Brief Description:** Providing damages for wage violations.

**Sponsors:** Representatives Sawyer, G. Hunt, Dunshee, Riccelli, Moeller, Fitzgibbon, Appleton, Gregerson, Reykdal, Jinkins, Bergquist, Goodman, Moscoso, Ormsby, Farrell, Walkinshaw and Pollet.

**Brief History:**

**Committee Activity:**

Labor: 1/13/15, 2/3/15 [DPS].

**Brief Summary of Substitute Bill**

- Provides that an employer who willfully and intentionally deprives an employee of any part of his or her wages by paying a lower wage than required or who collects a rebate from an employee's wages, is liable in a civil action for triple, rather than double, the amount of wages withheld.

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### HOUSE COMMITTEE ON LABOR

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 5 members: Representatives Sells, Chair; Gregerson, Vice Chair; G. Hunt, Assistant Ranking Minority Member; Moeller and Ormsby.

**Minority Report:** Do not pass. Signed by 1 member: Representative Manweller, Ranking Minority Member.

**Minority Report:** Without recommendation. Signed by 1 member: Representative McCabe.

**Staff:** Trudes Tango (786-7384).

**Background:**

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

The state Minimum Wage Act, Wage Payment Act, and other laws establish standards for the payment of wages. It is unlawful for an employer to withhold an employee's wages, except under certain circumstances, or to willfully pay an employee less than the employer is required to pay.

If the employer fails to pay an employee wages owed, the employee may file a wage complaint with the Department of Labor and Industries (Department) or bring a civil action in court.

If the employee files a wage complaint with the Department, the Department must investigate. If the Department determines that the employer's wage violation was willful, the Department may order the employer to pay a civil penalty of \$1,000 or 10 percent of the unpaid wages, up to \$20,000, whichever is greater. "Willful" is defined in statute as a knowing and intentional act that is neither accidental nor the result of a bona fide dispute. The Department may not impose civil penalties if the employer is not a repeat willful violator and the employer has paid the employee within 10 days of receiving the Department's citation.

If the employee files a civil action, the employer and any officer, vice principal, or agent of the employer is liable for double the amount of unpaid wages, plus reasonable attorneys' fees and costs, if the employer willfully and with the intent to deprive the employee of wages, paid the employee a lower wage than required, or if the employer unlawfully collected a rebate of any part of the employee's wages. However, this double damage provision is not available to an employee who knowingly submitted to the wage violation.

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**Summary of Substitute Bill:**

The statute providing double damages in a civil action is amended. An employer and any officer, vice principal, or agent of the employer is liable for triple, rather than double, the amount of the wages withheld.

**Substitute Bill Compared to Original Bill:**

The original bill removed the provision barring an employee from obtaining higher damages if he or she knowingly submitted to the wage violation is removed.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date of Substitute Bill:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) Businesses want to compete with other businesses based on the quality of their goods, services, and high standards. They don't want to compete with businesses that have a competitive advantage because they are cheating their employees. It is unfortunate that wage theft is rampant and it puts other businesses that are following the law at a disadvantage. Wage theft is bad for the consumer.

(Opposed) The bill is unnecessary, overbroad, and harmful. The bill applies to every employment relationship and every claim, including highly compensated employees. By increasing the damages, it changes the dynamics and economic incentives. It increases the need for the employer to analyze whether it should settle cases instead of going to jury, even if there is a bona fide dispute. These are complicated issues and there are honest and reasonable disagreements. There is no evidence showing that increasing damages would deter behavior. Removing the language that bars an employee from higher damages if the employee participates in the wage violation would only encourage the underground economy. There would be nothing for the employee to lose by accepting payments under the table.

**Persons Testifying:** (In support) Representative Sawyer, prime sponsor; and Simon Gorbaty, New Moon Café.

(Opposed) Tom Kwieciak, Building Industry Association of Washington; Bob Battles, Association of Washington Business; Tim O'Connell, Stoel Rives, LLP; and Gary Smith, Independent Business Association.

**Persons Signed In To Testify But Not Testifying:** None.