

HOUSE BILL REPORT

HB 1794

As Reported by House Committee On:
Labor & Workplace Standards

Title: An act relating to requiring an employer to reimburse employee fees when a paycheck is dishonored by nonacceptance or nonpayment.

Brief Description: Requiring an employer to reimburse employee fees when a paycheck is dishonored by nonacceptance or nonpayment.

Sponsors: Representatives Hoff, Sells, Berry, Sutherland, Wylie, Simmons, Pollet and Young; by request of Department of Labor & Industries.

Brief History:

Committee Activity:

Labor & Workplace Standards: 1/12/22, 1/21/22 [DPS].

Brief Summary of Substitute Bill

- Requires employer reimbursement of fees charged to an employee due to a paycheck returned for nonsufficient funds.

HOUSE COMMITTEE ON LABOR & WORKPLACE STANDARDS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 7 members: Representatives Sells, Chair; Berry, Vice Chair; Hoff, Ranking Minority Member; Mosbrucker, Assistant Ranking Minority Member; Bronoske, Harris and Ortiz-Self.

Staff: Lily Smith (786-7175).

Background:

Various laws, such as the Minimum Wage Act and Wage Payment Act, establish standards

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

for the payment of wages. It is unlawful for an employer to deprive an employee of his or her wages.

If the employer fails to pay an employee wages owed, the employee may file a wage complaint with the Department of Labor and Industries (L&I). One example of a failure to pay wages owed is if a paycheck is denied for nonsufficient funds.

Summary of Substitute Bill:

An employer that pays an employee with an instrument later returned for nonsufficient funds must reimburse the employee for fees charged by the employee's financial institution, unless the employer can show that it was returned due to an error.

Substitute Bill Compared to Original Bill:

The substitute bill modifies when a bank fee must be reimbursed, to be when a check is returned for nonsufficient funds, instead of when it is dishonored by nonacceptance or nonpayment. The condition that the employer demonstrate the error was specifically on the part of the financial institution in order to avoid liability is removed.

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) This is a simple bill. The vast majority of employers pay employees correctly, but if they do not, an employee should be entitled to recover fees charged by their bank due to the employer. Unreimbursed bank fees here are a denial of wages earned and the employer should make the employee whole. The Department of Labor and Industries gets around 220 wage complaints each year regarding a failure to get paid specifically due to a bounced paycheck. For the vast majority of these, the employer pays what is owed, but bank fees are not included in that amount, and this bill corrects that.

(Opposed) In some cases, a small business owner is not at fault for a bounced check. If a bank is at fault, but will not give a written confirmation, or if fault lies with another party, under this bill the employer would still be held responsible. The parties responsible for the failure are the ones that should be held liable, not innocent small business owners.

Persons Testifying: (In support) Tammy Fellin, Department of Labor and Industries; and Joe Kendo, Washington State Labor Council, American Federation of Labor and Congress of Industrial Organizations.

(Opposed) Jim King, Independent Business Association.

Persons Signed In To Testify But Not Testifying: None.