

# SENATE BILL REPORT

## SHB 1217

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As of March 15, 2023

**Title:** An act relating to improving worker recovery in wage complaints by authorizing the collection of interest and studying other options.

**Brief Description:** Concerning wage complaints.

**Sponsors:** House Committee on Labor & Workplace Standards (originally sponsored by Representatives Ortiz-Self, Fosse, Berry, Reed, Simmons, Gregerson, Ramel, Macri and Pollet).

**Brief History:** Passed House: 3/4/23, 53-43.

**Committee Activity:** Labor & Commerce: 3/16/23.

### Brief Summary of Bill

- Authorizes the Department of Labor and Industries (L&I) to demand interest on wages owed when a wage complaint is filed on or after October 1, 2024, and prohibits L&I from waiving or reducing any interest on amounts owed unless an employee requests a waiver or reduction.
- Directs L&I to convene a work group to develop strategies on eliminating wage theft and providing relief to workers, including creating a wage recovery fund.

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### SENATE COMMITTEE ON LABOR & COMMERCE

**Staff:** Matt Shepard-Koningsor (786-7627)

**Background:** Various laws, such as the Minimum Wage Act and Wage Payment Act (WPA), establish standards for payment of wages. Wages include compensation due to an employee by reason of employment. It is unlawful for an employer to deprive an employee

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of their wages. An individual owed unpaid wages may file a wage complaint with the Department of Labor & Industries (L&I) under the WPA, and L&I must investigate. Unless the complaint is otherwise resolved, L&I must issue either a citation and notice of assessment or a determination of compliance.

When L&I issues a citation and notice of assessment, it may order the employer to pay the employee all wages owed, including interest of 1 percent per month, calculated from the first date wages were owed. However, L&I may not order the payment of wages and interest that were owed more than three years before the filing date. The WPA has other provisions regarding civil penalties for willful violations, but does not have a provision allowing for collection of interest when a complaint is resolved before the issuance of a citation and notice of assessment.

**Summary of Bill:** The WPA is amended to allow L&I to demand all amounts owed, including interest of 1 percent per month, for all wage complaints filed on or after October 1, 2024. L&I may not waive or reduce any interest on amounts owed unless an employee expressly requests a waiver or reduction of interest.

L&I must convene a work group to develop and recommend strategies, by consensus, for eliminating wage theft and helping workers recover wages and be made whole as quickly and as fully as possible. The work group must identify options to enhance L&I's ability to provide swift relief to workers. Options the work group must explore include, but are not limited to:

- creation of a wage recovery fund or other similar mechanism, the purpose of which is to enable L&I to provide quick relief to victims of wage theft, including before the employer has paid the worker or L&I under an administrative order; and
- procedures and mechanisms used in other states that ensure full and timely recovery for workers that deter future violations.

For each recommendation, the work group must identify and address implementation issues and assess feasibility. The work group must include at least one representative from each of the following:

- L&I;
- a worker advocacy organization;
- a civil legal services organization;
- a statewide business advocacy organization representing both large and small employers;
- a statewide small business advocacy organization; and
- an academic institution with legal scholars specializing in employment law.

The work group must submit a report to the Legislature by September 1, 2024.

**Appropriation:** None.

**Fiscal Note:** Available.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

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