

HOUSE BILL REPORT

HB 2086

As Reported by House Committee On:
Commerce & Labor

Title: An act relating to creating a joint legislative task force to review the underground economy in the construction industry.

Brief Description: Creating a joint legislative task force to review the underground economy in the construction industry.

Sponsors: Representatives Conway, Hankins, Hasegawa, B. Sullivan, O'Brien, Simpson, Blake, Wood, McCoy, Ericks, Linville, Campbell, Wallace, Hudgins, Hunt, Williams, Green, Kenney, Moeller, Sells, Appleton, Morrell, Hurst, VanDeWege, Rolfes and Ormsby.

Brief History:

Committee Activity:

Commerce & Labor: 2/20/07, 2/22/07 [DP].

<p>Brief Summary of Bill</p> <ul style="list-style-type: none">• Creates a Joint Legislative Task Force on the underground economy in the construction industry.

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HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass. Signed by 8 members: Representatives Conway, Chair; Wood, Vice Chair; Condotta, Ranking Minority Member; Chandler, Assistant Ranking Minority Member; Crouse, Green, Moeller and Williams.

Staff: Joan Elgee (786-7106).

Background:

The "underground economy" typically refers to employment for which taxes are not paid.

Summary of Bill:

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.

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

A Joint Legislative Task Force (Task Force) on the underground economy in the Washington construction industry is created. The purpose of the Task Force is to formulate a state policy to establish cohesion and transparency between state agencies to increase oversight and regulation of the underground economy in Washington's construction industry.

The Task Force consists of:

- the Chair and Ranking Minority of the Senate Labor, Commerce, Research & Development Committee;
- the Chair and Ranking Minority of the House Commerce & Labor Committee; and
- four members representing the construction business and four members representing construction laborers, selected from nominations submitted by the statewide construction business and labor organizations, respectively. These members are appointed jointly by the president of the Senate and the Speaker of the House.

The Employment Security Department, the Department of Labor and Industries, and the Department of Revenue each have a non-voting liaison representative and are to cooperate with the Task Force.

The Task Force is to contract with the Washington State Institute for Public Policy to assist in determining the extent of and costs to the state and workers of the underground economy in the construction industry.

Senate Committee Services and the House Office of Program Research are directed to provide staff support to the Task Force. The Task Force may hire additional staff.

The Task Force must report its findings and recommendations to the Legislature by January 1, 2008.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) What we want to do is to find out what is really going on in the underground economy, particularly in the construction industry. This effort will define what underground economy activities are. The timing is great because the Department of Labor and Industries, the Employment Security Department and the Department of Revenue have just done a joint study about unregistered contractors and the revenue loss. Anywhere from 20 to 50 percent of the construction industry includes underground economy activity. Workers are being abused and the state is losing money.

(Opposed) None.

Persons Testifying: (In support) Dave Johnson, Washington State Building Trades Council.

Persons Signed In To Testify But Not Testifying: None.