

# HOUSE BILL REPORT

## HB 2630

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**As Reported by House Committee On:**  
Local Government

**Title:** An act relating to the overpayment of wages by a municipal corporation.

**Brief Description:** Addressing the overpayment of wages by a municipal corporation.

**Sponsors:** Representatives Appleton, Manweller, Sells and Kilduff.

**Brief History:**

**Committee Activity:**

Local Government: 1/27/16, 2/3/16 [DP].

**Brief Summary of Bill**

- Requires procedures used by the state, counties, and cities for collecting overpayment of wages from employees to be used by municipal corporations.

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### HOUSE COMMITTEE ON LOCAL GOVERNMENT

**Majority Report:** Do pass. Signed by 8 members: Representatives Appleton, Chair; Gregerson, Vice Chair; Griffey, Assistant Ranking Minority Member; Fitzgibbon, McBride, McCaslin, Peterson and Pike.

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

**Staff:** Cassie Jones (786-7303).

**Background:**

Overpayment of Wages to State, County, or City Employees.

State law requires that the state, counties, and cities follow specific procedures for recouping wages that have been overpaid to an employee. When an employee is overpaid wages, the employer must provide notice to the employee of the amount of the overpayment, the basis for the claim, and a demand for the payment within 20 calendar days of the date on which the

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employee received the notice. If the employee is covered by a collective bargaining agreement, the employer must also include in the notice the rights of the employee under the collective bargaining agreement.

The employee then has 20 days to respond with a request for review of the finding of overpayment. Upon receiving the request for review, the employer must review the employee's challenge to the overpayment and subsequently notify the employee of its decision. An employee that is unsatisfied with the employer's review can request an adjudicative proceeding under the Administrative Procedures Act, but must do so within 28 days of receiving the results of the employer's review.

When an employee of the state, city, or county is deemed to owe a debt to his or her employer for the overpayment of wages, the employer may recover the debt by deducting amounts from the employee's subsequent wages or by civil action. If the employer deducts amounts from subsequent wages, the deductions may not exceed 5 percent of the employee's disposable earnings in a pay period other than the final pay period or the amount still outstanding from the employee's disposable earnings in the final pay period. Deductions continue until the overpayment is fully recouped. The employer and employee may enter into an agreement regarding the amount of the overpayment and the method by which the amount is repaid.

#### Municipal Corporations.

In general, municipal corporations are units of local government formed in accordance with state law and are authorized to provide a wide variety of services and facilities. Municipal corporations include cities and towns, but may also include other units of local government, such as water-sewer districts, school districts, public utility districts, and fire protection districts.

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#### **Summary of Bill:**

Municipal corporations are required to follow the same procedures as the state, counties, and cities for recoupment of wages overpaid to an employee.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

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

**Staff Summary of Public Testimony:**

(In support) For many years the existing statute setting forth procedures for overpayment of wages has been relied upon by school districts in the rare case where wages were overpaid. However, the state auditor pointed out that school districts are not included in the definition of "employer" in the state statute. This bill includes school districts in the statutory procedures for overpayment of wages. This is a matter of fairness to the employees so that school district employees are held to the same standard as other state employees for repayment.

(Opposed) None.

**Persons Testifying:** Representative Appleton, prime sponsor; David Westberg, Operating Engineers Local 609; and Julie Davidson, Seattle Public Schools.

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