

SENATE BILL REPORT

SB 6155

As Reported by Senate Committee On:
Government Operations & Security, January 21, 2016

Title: An act relating to county payroll draw days.

Brief Description: Concerning county payroll draw days.

Sponsors: Senators Roach, McCoy, Takko and Warnick.

Brief History:

Committee Activity: Government Operations & Security: 1/14/16, 1/21/16 [DP].

SENATE COMMITTEE ON GOVERNMENT OPERATIONS & SECURITY

Majority Report: Do pass.

Signed by Senators Roach, Chair; Benton, Vice Chair; Pearson, Vice Chair; Habib, McCoy and Takko.

Staff: Alex Kearns (786-7416)

Background: Counties may set weekly, bi-weekly, semi-monthly, or monthly pay period schedules.

If a county chooses a semi-monthly pay period schedule it may choose one of two forms. In the first form, the pay periods are the first to the fifteenth of each month, and the sixteenth to the last day of the month; in the second form, a "draw day" is established during the first pay period, at which time the employee may choose to withdraw up to 40 percent of that employee's monthly salary. Under current Washington law, payroll deductions are not deducted from draw day paychecks.

Under federal law, when an employer pays an employee for a regular or miscellaneous pay period that employer is required to apply payroll deductions to those wages.

Summary of Bill: The portion of the law allowing draw day payments to be taken without payroll deductions is removed. Additionally, the limit for draw day payments is increased from 40 percent of an employee's monthly salary to 50 percent of an employee's monthly salary.

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.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: There is a disconnect between state and federal regulations as it relates to withholdings of payroll taxes on a draw. Earlier this year the Yakima County auditor received a routine audit from the IRS. The federal government considers draws normal paychecks and requires that federal withholding be taken out at the time the draw is taken. The IRS made it very clear that this problem needs to be remedied. This is the easiest way to calculate and pay the required taxes. It is hard for people who enforce these laws at local levels to knowingly do something that is in conflict with the state RCWs. This bill brings federal and state law in sync with each other. Because those taxes are being taken out people should have the option of removing up to 50 percent of their paycheck on draw days.

Persons Testifying: PRO: Kevin Bouchey, Yakima County Commissioner; Charles Ross, County Auditor; Senator Pam Roach.

Persons Signed In To Testify But Not Testifying: No one.