

SENATE BILL REPORT

SB 6085

As of January 18, 2024

Title: An act relating to reestablishing the underground economy task force.

Brief Description: Reestablishing the underground economy task force.

Sponsors: Senators Conway, King, Hunt and Keiser.

Brief History:

Committee Activity: Labor & Commerce: 1/23/24.

Brief Summary of Bill

- Reestablishes the Joint Legislative Task Force on the Underground Economy to study the nature and scope of the underground economy and recommend policy changes.
- Requires the task force to report its findings and recommendations to the Legislature by October 31, 2025.

SENATE COMMITTEE ON LABOR & COMMERCE

Staff: Madeline Ralstin (786-7356)

Background: In 2007 the Legislature enacted SB 5926, which created a Joint Legislative Task Force on the Underground Economy (Task Force) to formulate a state policy to establish cohesion and transparency between state agencies to increase oversight and regulation of the underground economy practices in the construction industry. The Task Force met over a few years and developed findings and recommendations, which were incorporated into legislation that passed during the 2008 and 2009 sessions.

Washington State law requires the Department of Labor and Industries, the Employment Security Department, and the Department of Revenue to coordinate and report to the

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appropriate committees of the Legislature by December 1st of each year, the effectiveness of efforts implemented since July 1, 2008, to address the underground economy. These agencies use benchmarks and measures established by the Washington State Institute for Public Policy (WSIPP) and other measures it determines appropriate.

In 2023, WSIPP was directed by a budget proviso to undertake a study on the nature and scope of the underground economy and to recommend what policy changes, if any, are needed to address the underground economy in the construction industry, including whether greater cohesion and transparency among state agencies is needed. The report addressed the extent of and projected costs to the state and workers of the underground economy. WSIPP released a report with its findings in September 2023.

Summary of Bill: The Task Force is reestablished to study the nature and scope of the underground economy and recommends policy changes. Underground economy means contracting and construction activities in which payroll is unreported or underreported resulting in nonpayment of federal and state payroll taxes including nonpayment of workers' compensation and unemployment compensation taxes. The Task Force may contract with WSIPP or another outside entity to achieve this goal and to determine the extent of the projected costs to the state and workers of the underground economy in the construction industry.

The Task Force:

- consists of members from each caucus in the Senate and the House, four members each representing the construction business and construction laborers, and one representative from the Attorney General's Office;
- uses legislative facilities and staff support from Senate Committee Services and the Office of Program Research; and
- reports findings and recommendations to the Legislature by October 31, 2025.

The Employment Security Department, the Department of Labor and Industries, and the Department of Revenue must cooperate with the Task Force and maintain a Task Force liaison. Legislative members on the Task Force are reimbursed for travel expenses. The Senate and House of Representatives must jointly pay the expenses of the Task Force.

Appropriation: None.

Fiscal Note: Requested on January 9, 2024.

Creates Committee/Commission/Task Force that includes Legislative members: Yes.

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