

**WAC 296-17-35201 Recordkeeping and retention.** Washington law (RCW 51.48.030) requires every employer to make, keep, and preserve records which are adequate to facilitate the determination of premiums due to the state for workers' compensation insurance for their covered workers. In the administration of Title 51 RCW, the department of labor and industries has deemed the records and information required in the various subsections of this section to be essential in the determination of premiums due to the state fund. The records so specified and required, shall be provided at the time of audit to any authorized representative of the department who has requested them.

Failure to produce the requested records within thirty days of the request, or within an agreed upon time period shall constitute prima facie evidence of noncompliance with this rule and shall invoke the statutory bar to challenge found in RCW 51.48.030 and/or 51.48.040. See WAC 296-17-925, 296-17-930, and 296-17-935 for additional reporting and recordkeeping requirements for qualifying volunteers, student volunteers, and unpaid students.

(1) Employment records. Every employer shall with respect to each worker, make, keep, and preserve original records containing all of the following information for three full calendar years following the calendar year in which employment occurred:

- (a) The name of each worker;
- (b) The Social Security number of each worker;
- (c) The beginning date of employment for each worker and, if applicable, the separation date of employment of each such worker;
- (d) The basis upon which wages are paid to each worker;
- (e) The number of units earned or produced for each worker paid on a piecework basis;
- (f) The risk classification applicable to each worker whenever the worker hours of any one employee are being divided between two or more classifications;
- (g) The number of actual hours worked (WAC 296-17-31002) by each worker, unless another basis of computing hours worked is prescribed in WAC 296-17-31021 or 296-17-935;
- (h) A summary time record for each worker showing the calendar day or days of the week work was performed and the actual number of hours worked each work day;
- (i) The workers' total gross pay period earnings;
- (j) The specific sums withheld from the earnings of each worker, and the purpose of each sum withheld;
- (k) The net pay earned by each such worker.

(2) Business, financial records, and record retention. Every employer is required to keep and preserve all original employment time records for three full calendar years following the calendar year in which employment occurred. The three-year period is specified in WAC 296-17-352 as the composite period from the date any such premium became due.

Employers who pay their workers by check are required to keep and preserve all check registers and bank statements. Employers who pay their workers by cash are required to keep and preserve records of these cash transactions which provide a detailed record of wages paid to each worker.

(3) Recordkeeping - Estimated premium computation. Any employer required by this section to make, keep, and preserve records containing the information as specified in subsections (1) and (2) of this section, who fails to make, keep, and preserve such records, shall for the purpose of premium calculation assume worker hours using the aver-

age hourly wage rate for each classification, and also will be subject to penalties prescribed in subsection (4) of this section. The records compiled by the department shall be the basis for determining the average hourly wage rate: Provided, That the average hourly wage rate shall be no less than the state minimum wage existing at the time such assumed hours are worked. Notwithstanding any other provisions of this section, workers employed in a work activity center subject to Classification 7309 shall be reported on the basis of the average hourly wage.

(4) Failure to maintain records - Penalties. Any employer required by this section to make, keep, and preserve records containing the information as specified in subsections (1) and (2) of this section, who fails to make, keep, and preserve such record, shall be liable, subject to RCW 51.48.030, to a penalty not to exceed five hundred dollars or two hundred percent of the quarterly tax for each such offense, whichever is greater. Beginning July 1, 2023, this penalty will be adjusted for inflation every three years based on the consumer price index (Seattle, Washington area for urban wage earners and clerical workers, all items compiled by the Bureau of Labor Statistics of the United States Department of Labor) and posted to the L&I website. Failure to make, keep, and preserve records containing the information as specified in subsections (1) and (2) of this section, for a single employee shall constitute one offense, for two employees two offenses, and so forth. The department may waive penalties for the first-time or de minimis violations of this section. Any penalty that is waived under this section may be reinstated and imposed in addition to any additional penalties associated with a subsequent violation or failure within a year to correct the previous violation as required by the department.

[Statutory Authority: RCW 51.04.020 and 51.16.035. WSR 20-20-108, § 296-17-35201, filed 10/6/20, effective 1/1/21; WSR 16-18-085, § 296-17-35201, filed 9/6/16, effective 10/7/16. Statutory Authority: RCW 51.04.020, 51.16.035, and 51.12.120. WSR 03-23-025, § 296-17-35201, filed 11/12/03, effective 1/1/04. Statutory Authority: RCW 51.16.035. WSR 99-18-068, § 296-17-35201, filed 8/31/99, effective 10/1/99. Statutory Authority: RCW 51.04.020. WSR 95-08-052, § 296-17-35201, filed 4/3/95, effective 7/1/95.]