

# FINAL BILL REPORT

## 2SSB 6732

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### PARTIAL VETO

#### C 120 L 08

Synopsis as Enacted

**Brief Description:** Implementing the recommendations of the joint legislative task force on the underground economy in the construction industry.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Kohl-Welles, Kline, Keiser, Marr, Murray, Hobbs, Regala, Tom, Oemig and Fairley).

**Senate Committee on Labor, Commerce, Research & Development**

**Senate Committee on Ways & Means**

**House Committee on Commerce & Labor**

**House Committee on Appropriations**

**Background:** In 2007 the Legislature enacted SB 5926 (C 288 L 07) relating to the underground economy in the construction industry. The act created the Joint Legislative Task Force on the Underground Economy in the Construction Industry (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.

At its final meeting in 2007, the Task Force developed a list of recommendations for legislative and budgetary action during the 2008 Legislative Session. The recommendations included items relating to penalties, data-sharing and detection, enforcement, and education and outreach activities. A report listing the Task Force's findings and recommendations will be distributed to the Legislature in January 2008.

**Summary:** Applicants for registration as a contractor must submit a unified business identifier (UBI) number. The Department of Labor and Industries (L&I) must deny an application for registration as a contractor and suspend an active registration if L&I determines that the applicant has falsified information on the application or the applicant does not have an active and valid certificate of registration with the Department of Revenue (DOR). Additionally, a person who submits false information on an application for registration is subject to a penalty of up to \$10,000.

A contractor is prohibited from bidding on public works projects for one year if, within a five year period, the contractor commits two violations of any of the following: willfully violates contractor registration laws; knowingly misrepresents the amount of his or her payroll or employee hours to L&I; engages in business without a certificate of coverage under the industrial insurance provisions; or commits a second violation of the contractor registration laws.

Employers must keep records of the compensation paid to contractors and electricians with whom they contract. Government agencies may disclose records between themselves if the agencies would be otherwise permitted to obtain that information.

L&I must add staff to the Fraud Audit Infraction and Revenue contractor fraud team and both L&I and the Employment Security Department must hire additional auditors. If funds are available, funding must be dedicated to the Office of the Attorney General for contractor compliance cases.

An expanded social marketing campaign must be created to warn consumers of the risks and potential consequences of hiring unregistered contractors.

A pilot project must be established between L&I and local jurisdictions to explore ways to improve the collection and sharing of building permit information.

The term of the Task Force is extended to December 31, 2008.

**Votes on Final Passage:**

Senate	48	0	
House	94	2	(House amended)
Senate	47	0	(Senate concurred)

**Effective:** June 12, 2008

**Partial Veto Summary:** The provisions requiring L&I and the Employment Security Department to hire additional staff are removed. The requirement that funding be dedicated to the Office of the Attorney General for contractor compliance cases is removed. The requirement that L&I and local jurisdictions establish a pilot project to improve the collection and sharing of building permit information is removed.