

Joint Legislative Task Force on the Underground Economy in Construction

L&I Response to Proposals

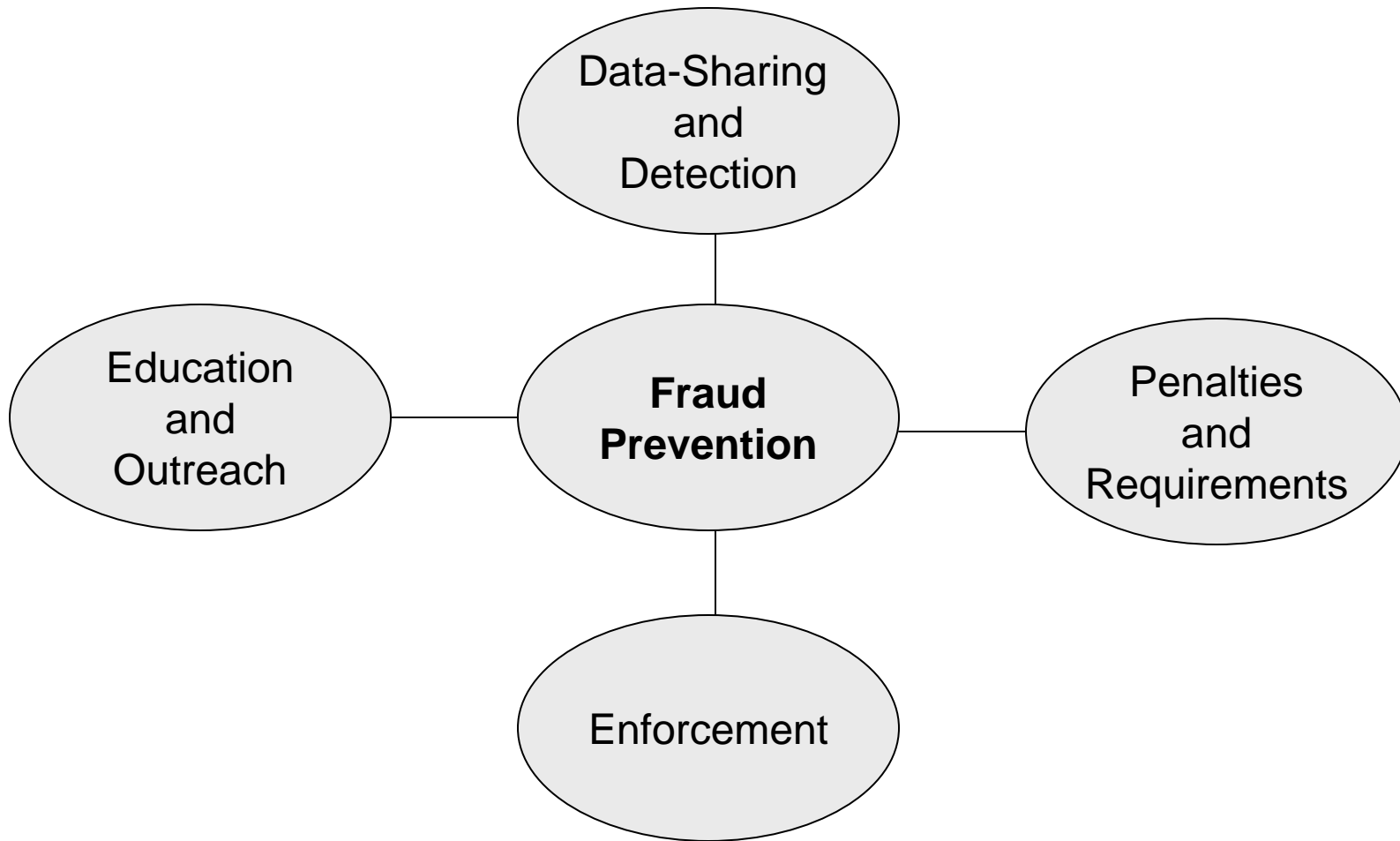
*A Potential Model for 09-11 and 11-13
Biennia*



*** Please note that items in this document are concepts presented in response to task force recommendations. They are presented for discussion purposes at this time, and the agency has not made any formal decisions on moving forward with budget or legislative submittals.*



Fraud Prevention – A Multi-Prong Strategy





09-11 Biennium or Prior

Data-Sharing and Detection

- Complete secure database for IRS data-sharing (in 2008)
- Finish feasibility study for a comprehensive employer fraud/abuse detection system (2008)
- Submit budget package for employer fraud detection system based on results of feasibility study (for 09-11)
- Data-sharing with local jurisdictions for building permit data
- Continue negotiation with IRS for joint data-sharing agreement for ESD, DOR and L&I to allow sharing of IRS data between the agencies when appropriate



09-11 Biennium or Prior

Penalties and Requirements

- Increase unregistered contractor criminal penalty from gross misdemeanor to a class C felony for 3rd offense (potential legislation for 09-11)
- Require a valid photo i.d. for contractor registration and renewal and make available for review by consumers to verify identity of contractor (potential legislation for 09-11)
- Explore requirement for new and out-of-state contractors to attend a contractor training class prior to allowing registration/licensing, as well as a minimum of 8 hours of ongoing education on laws/regulations each year. Add one staff person to implement these changes. (potential 09-11 legislation and budget package)
- Explore civil/criminal penalties for falsifying information on a contractor registration (potential 09-11 legislation)
- Explore prevailing wage strike for willful or repeat violation of workers' compensation reporting or contractor registration laws (potential 09-11 legislation)



09-11 Biennium or Prior

Enforcement

- Add 3 staff (one a working supervisor) to the FAIR contractor fraud team (potential 09-11 budget request)
- Add 3-4 auditors to the north Puget Sound area, where referrals and current detection methods exceed our ability to respond (potential 09-11 budget request)
- Add 1 Assistant Attorney General (AAG) dedicated to handle contractor compliance criminal cases (potential 09-11 budget request)



09-11 Biennium or Prior

Education and Outreach

- Changes to the contractor registration form and information to increase understanding of laws, risks and responsibilities (2008)
- Approach UBI Board to discuss potential changes to that form to increase understanding of laws, risks and responsibilities as well (begin in 2008)
- Establish a construction training and outreach team (09-11 budget request)
 - Add 2 staff to provide direct contractor education/outreach (currently 1 person) – to put on contractor training days, attend home shows, perform outreach to consumers and contractors. Funding for travel and materials also needed
 - Add 2 underwriting staff for education and outreach on workers' compensation requirements and premium responsibilities (including independent contractor issues). They would work with new firms individually, develop training and present statewide, and help establish mass education campaigns. Funding for travel, mailings and materials also needed.
- Social marketing campaign aimed at consumers, warning of risks and potential consequences (09-11 or 11-13 budget request)



11-13 Biennium

- **Additional enforcement**
 - Evaluate potential needs, focusing on the following areas:
 - Audit staff (statewide)
 - Contractor compliance
 - Another AAG for criminal cases (if needed)
- **Education and outreach**
 - Social marketing if not done in 09-11, or potential continued campaign