

JOINT LEGISLATIVE TASK FORCE ON THE
UNDERGROUND ECONOMY IN THE CONSTRUCTION INDUSTRY

RECOMMENDATIONS FOR ACTION IN 2008 (from responses to 11-29-07 matrix)

(Items on which more than one responder supports action in 2008 are highlighted.)

Type of Action Needed: Legislative

(1) Enforcement

- (e) Require local governments to verify compliance with registration and other requirements before issuing a business license. (1 response)
- (h) Develop a process to report new hires to L&I. (Budget action also needed.) (1 response)

(2) Penalties and Requirements

- (a) In general, increase penalties. This could include publicizing the names of those people who have been penalized, or imposing training requirements on those who have been penalized. (3 responses)
- (b) Increase unregistered contractor criminal penalty from gross misdemeanor to a class C felony for the 3rd offense. (1 response)
- (e) Explore civil/criminal penalties for falsifying information on a contractor registration. (1 response)
- (f) Explore prevailing wage strike for willful or repeat violation of workers' compensation reporting or contractor registration laws. (2 responses)
- (g) Provide agencies with greater flexibility in issuing penalties, including the authority in extreme cases to close down a business. (1 response)
- (h) Create penalties for homeowners who intentionally do not follow the rules. (1 response)
- (i) Create penalties for persons who accept cash for payment. (1 response)

(4) Data-Sharing and Detection

- (a) Enact laws to allow state agencies to share all information regarding workers and employers with other state agencies, regardless of the source of such information. (4 responses)
- (b) Enact a law, similar to RCW 50.12.070, for all industries that requires employers using the services of an independent contractor to keep the workers' UBI number on file, as well as compensation paid to the worker. (1 response)

- (c) Require that all businesses have a UBI number, even if exempt from DOR reporting requirements. (3 responses)

(5) Other

- (b) Definition of independent contractor. Create one statutory definition of independent contractor to be used by L&I, ESD, and DOR. (1 response)

Type of Action Needed: Budget

(1) Enforcement

- (a) Add 3 staff (one a working supervisor) to L&I's FAIR contractor fraud team. (2 responses)

- (b) L&I to add 3-4 auditors to the north Puget Sound area. (ESD – Add auditors; DOR – Add auditors – DOR no) (3 responses)

- (c) L&I to add 1 Assistant Attorney General dedicated to handle contractor compliance criminal cases. (1 response)

- (d) Funding. In general, increase funding to be used towards enforcement activities. This includes recruiting, retaining and training auditors; and increasing the pay scale for auditors. (3 responses)

(3) Education and Outreach

- (e) Create a social marketing campaign aimed at consumers, warning of risks and potential consequences. . . . (1 response)

(4) Data-Sharing and Detection

- (h) Enter into data-sharing with local jurisdictions regarding building permit data. (1 response)

(5) Other

- (a) Benchmarks. L&I to evaluate potential needs regarding additional enforcement, focusing on the following areas: Audit staff (statewide), contractor compliance, whether another AAG is needed for criminal cases. (Agency action also needed.) (1 response)

Type of Action Needed: Agency

(3) Education and Outreach

- (a) In general, enhance contractor/consumer education. (1 response)
- (b) Change the contractor registration form and provide information to increase understanding of laws, risks, and responsibilities. (2 responses) (1 response – budget action also needed)
- (c) Approach UBI Board to discuss potential changes to the contractor registration form to increase understanding of laws, risks, and responsibilities. (2 responses)

(4) Data-Sharing and Detection

- (e) Complete secure database for IRS data-sharing. (2 responses) (1 response - budget action also needed)
- (f) Finish feasibility study for a comprehensive employer fraud/abuse detection system. (3 responses) (1 response – budget action also needed)
- (i) Continue negotiating with IRS for joint data-sharing agreement for ESD, DOR, and L&I to allow sharing of IRS data between the agencies when appropriate. (4 responses)