

2009 Underground Economy Legislation - Staff Summaries

SHB 1555: ADDRESSING THE RECOMMENDATIONS OF THE JOINT LEGISLATIVE TASK FORCE ON THE UNDERGROUND ECONOMY IN THE CONSTRUCTION INDUSTRY

- The term of the Underground Economy in the Construction Industry Task Force is extended to December 2009 and the focus is changed to include activities outside the construction industry.
- Recommendations of the task force are implemented. These recommendations include permitting local jurisdictions to verify that a contractor is registered before issuing a business license and establishing a penalty for employers who fail to keep unemployment insurance records.
- The Department of Labor & Industries, the Employment Security Department, and the Department of Revenue must annually report, using benchmarks established by the Washington Institute for Public Policy, on the effectiveness of the efforts implemented to combat the underground economy.

SSB 5613: AUTHORIZING THE DEPARTMENT OF LABOR AND INDUSTRIES TO ISSUE STOP WORK ORDERS FOR VIOLATIONS OF CERTAIN WORKERS' COMPENSATION PROVISIONS

- The Director of the Department of Labor and Industries is authorized to issue a stop-work order against a contractor or electrician employer who has not secured industrial insurance for his or her employees.
- The stop work order may be served on the worksite or on the employer. If the order is served on the employer, it is effective to all worksites for which the employer is not in compliance.
- An employer who violates a stop work order is subject to a \$1000 a day penalty.
- The Director may issue a conditional release order if the employer has complied with coverage requirements and has agreed to pay penalties through a penalty schedule.
- An employer may request reconsideration of the stop work order, which will remain in effect during the reconsideration period unless he or she furnishes a cash deposit or bond to the Department.

E2SSB 5850: PROTECTING WORKERS FROM HUMAN TRAFFICKING VIOLATIONS

- Employers and international labor recruitment agencies must provide disclosure statements to foreign workers. H-1B visa holders are exempted from the bill.
- The Office of Crime Victims Advocacy must supply the licensing authority of certain health care professionals with information on methods of recognizing victims of human trafficking. The licensing authority must disseminate this information to its licensees.
- The provision making violations subject to the Consumer Protection Act was vetoed.

SSB 5904: DEFINING INDEPENDENT CONTRACTOR FOR PURPOSES OF PREVAILING WAGE

- A test is created for determining when a person is an independent contractor who is not entitled to prevailing wage.
- The test is substantially similar to the one used in construction for workers' compensation and unemployment purposes.

SB 6173: IMPROVING SALES TAX COMPLIANCE

- Beginning January 1, 2010, reseller certificates are replaced by reseller permits, to be issued by the Department of Revenue to persons making purchases at wholesale.
- Reseller permits for taxpayers other than contractors, who register with the Department on or before January 1, 2009, are valid for four years. Permits issued to taxpayers who register after January 1, 2009 are initially valid for two years and then are renewable for four years. The Department may issue a permit to taxpayers who have not applied for a permit based on available information that the taxpayer is entitled to make wholesale purchases.
- Reseller permits for contractors are valid for one year. Contractors applying for a permit must provide information on purchases of materials and labor for retail construction activity, speculative building, public road construction, and government contracting. The Department must deny an application if less than 25 percent of the contractor's purchases are for retail construction activity.
- By January 1, 2011 the Department must develop a system allowing sellers to voluntarily verify resellers' permits electronically.
- Standards and procedures are set forth for issuing, denying, and revoking reseller permits.
- The House Finance Committee and the Underground Economy Task Force must each review the issues and concerns resulting from the act that need to be addressed by the Legislature and report to the Legislature by December 1, 2009.

Prepared for: Joint Legislative Task Force on the Underground Economy
Prepared by: Kathleen Buchli, Senate Committee Services
Joan Elgee, Office of Program Research
Alison Hellberg, Office of Program Research
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