



2019 AG REQUEST LEGISLATION

CLOSING A WAGE THEFT LOOPHOLE

What needs to change?

Washington state law gives some employers who commit wage theft a get-out-of-jail-free card. If an employer cheats workers out of their prevailing wage,¹ but returns the stolen wages before the state takes any enforcement action, the state lacks authority to issue appropriate penalties or sanctions - or even collect interest on the wages that were not lawfully paid. This is because state law fails to define “unpaid wages.”

That’s not fair to workers - and it’s not good public policy.

Why is this change necessary?

Penalties help deter violations, which result in safer, more productive work places.

Current law rewards “gambler employers” - predatory employers who cheat workers, knowing that the worst that will happen if they’re caught is they will pay the wages that were lawfully owed.

KEY
STAT

\$50 BILLION

By one estimate, wage theft costs workers more than \$50 billion a year, several times more than the cost of robberies, motor vehicle thefts, burglaries, and larcenies combined.²

Around the US:

Several states, including California and Oregon, provide explicit authority to pursue late payments as violations.

What is the solution? SB-5035 / HB1072

This bill:

- Closes the “unpaid wages” loophole that rewards gambler employers;
- Requires employers to pay 1% monthly interest to resolve all prevailing wage complaints prior to adjudication;
- Increases the penalties for non-inadvertent prevailing wage violations (*inadvertent errors are not subject to penalties*), while retaining the state’s discretion to waive penalties when appropriate;
- Increases the statute of limitations from 30 days to 60 days for prevailing wage complaints.

Key Support:

Washington Building Trades
Faith Action Network
Working Washington

Prime Sponsors:

Sen. Saldaña: D
Rep. Sells: D

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1: In government contracting, a prevailing wage is defined as the hourly wage, usual benefits and overtime, paid to the majority of workers within a particular area.

2: Economic Policy Institute, “An Epidemic of wage theft is costing workers hundreds of millions of dollars a year,” Brady Meixell and Ross Eisenbrey, September 11, 2014, <https://epi.org/files/2014/wage-theft.pdf>.