

REVENUE: Revenue statement issued

FISCAL: Fiscal statement issued

Action: Do Pass as Amended and Be Printed Engrossed and Referred to the House Committee on Revenue by Prior Reference

Vote: 6 - 4 - 0

Yeas: Barton, Cowan, Matthews, Riley, Tomei, Holvey

Nays: Gilliam, Krieger, Weidner, Wingard

Exc.: 0

Prepared By: Victoria Cox, Administrator

Meeting Dates: 3/13, 4/1, 4/6

WHAT THE MEASURE DOES: Establishes Interagency Compliance Network to enforce compliance with laws relating to taxation and employment among persons paying employees in cash. Allows for information sharing among state agencies participating in the Network. Creates Interagency Compliance Network Account with funds generated by increased fees for specified business filings and continuously appropriated to participating agencies.

ISSUES DISCUSSED:

- Oregon cases illustrating the scope of noncompliance
- Revenue lost to noncompliance
- Experience of other states in achieving compliance
- Compliant businesses unable to compete with noncompliant businesses
- Abuse of worker classification including independent contractor status
- Potential revenue return on enforcement investment

EFFECT OF COMMITTEE AMENDMENT: Adds State Landscape Contractors Board and removes Governor from listed participants. Specifies percentage of available funds each agency will receive. Requires biennial report to Legislative Assembly on Network activities and expenditures.

BACKGROUND: HB 2815-A is the product of an interim work group organized by the House Committee on Consumer Protection to address the recommendations of the Independent Contractor's Steering Committee and the Construction Claims Task Force regarding issues of unlicensed contractors and nonpayment of taxes. Past barriers to enforcement have included the inability of agencies to share information and a lack of funding for enforcement activities. While the scope of noncompliance is difficult to assess, according to a task force created by the Washington Department of Labor and Industries, Washington State's lost revenue was estimated at \$800 million per year. HB 2815-A establishes a program to combine enforcement with public education to recover lost revenue and prevent noncompliant businesses from undercutting those that obey the law.