

BUDGET REPORT AND MEASURE SUMMARY

CARRIER: Rep. Holvey

Joint Committee On Ways and Means

Action: Do Pass The B-Eng Bill.

Action Date: 02/25/16

Vote:

House

Yeas: 11 - Buckley, Gomberg, Huffman, Komp, McLane, Nathanson, Rayfield, Read, Smith, Whisnant, Williamson

Nays: 1 - Whitsett

Senate

Yeas: 9 - Bates, Devlin, Hansell, Johnson, Monroe, Roblan, Shields, Steiner Hayward, Thomsen

Nays: 2 - Girod, Whitsett

Exc: 1 - Winters

Prepared By: Michelle Lisper, Department of Administrative Services

Reviewed By: Michelle Deister, Legislative Fiscal Office

Agency: Bureau of Labor and Industries

Biennium: 2015-17

Budget Summary*

| | 2015-17 Legislatively Adopted Budget | 2016 Committee Recommendation | Committee Change from 2015-17 Leg. Adopted | |
|---------------------|---|----------------------------------|---|----------|
| | | | \$ Change | % Change |
| Other Funds Limited | \$ 1,935,599 | \$ 2,261,553 | \$ 325,954 | 16.8% |
| Total | \$ 1,935,599 | \$ 2,261,553 | \$ 325,954 | 16.8% |

Position Summary

| | | | |
|--------------------------------------|------|------|------|
| Authorized Positions ** | 4 | 7 | 3 |
| Full-time Equivalent (FTE) positions | 6.91 | 8.80 | 1.89 |

Revenue Summary

Senate Bill 1587 enables expenditures from the Wage Security Fund for enforcement of wage and hour laws. The Wage Security Fund consists of a diversion of 0.03 percent Unemployment Insurance taxes paid to the Employment Department in one quarter of the biennium to pay wages due to employees after employers have gone out of business. The Bureau of Labor and Industries makes payments for wages due from the fund, up to a maximum of \$4,000; agency administrative costs directly attributed to determining and processing final wage claims are also allowed to be paid from the Wage Security Fund. The Wage Security Fund has an estimated 2015-17 ending balance of \$8.3 million.

Summary of Subcommittee Action

Senate Bill 1587 requires employers to include specific itemized information on payroll statements to employees, defines “Time and Pay Records” and requires the employer to maintain records of current and terminated employees as required by the Fair Labor Standards Act regulations.

The bill authorizes the Commission of the Bureau of Labor and Industries (BOLI) to expend certain monies from the Wage and Security Fund to administer and enforce provisions of wage and hour and minimum wage law. The bill increases the Other Funds expenditure limitation by \$325,954 to BOLI to support three permanent full-time positions (1.89 FTE) within their Wage and Hour Division to investigate and enforce claims of underpaid and unpaid wages. When fully phased in for the 2017-19 biennium, these positions and associated Services and Supplies costs are estimated to be \$521,532.

In addition, the bill prohibits contractors, subcontractors or any agent of a contractor or subcontractor from intentionally failing to pay prevailing wage rates; plus, other specified actions taken to avoid the cost of prevailing wage rate. Violation of this provision is a Class C felony, punishable with a maximum of a five years imprisonment, a fine of \$125,000, or both. The Commissioner of BOLI is authorized to refer violators to a district attorney or the Attorney General for prosecution and to adopt rules as necessary to implement these provisions prior to the operative date. The penalty provisions are effective as of January 1, 2017. The bill declares an emergency and is effective on passage.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

SB 1587-B

Bureau of Labor and Industries
Michelle Lisper-- 503-378-3195

| DESCRIPTION | GENERAL FUND | LOTTERY FUNDS | OTHER FUNDS | | FEDERAL FUNDS | | TOTAL ALL FUNDS | POS | FTE |
|---------------------------------------|--------------|---------------|-------------------|-------------|---------------|-------------|-------------------|----------|-------------|
| | | | LIMITED | NONLIMITED | LIMITED | NONLIMITED | | | |
| <u>SUBCOMMITTEE ADJUSTMENTS</u> | | | | | | | | | |
| SCR 040 - Wage and Hour | | | | | | | | | |
| Personal Services | \$ - | \$ - | \$ 271,629 | \$ - | \$ - | \$ - | \$ 271,629 | 3 | 1.89 |
| Services and Supplies | \$ - | \$ - | \$ 54,325 | \$ - | \$ - | \$ - | \$ 54,325 | | |
| TOTAL SUBCOMMITTEE ADJUSTMENTS | \$ - | \$ - | \$ 325,954 | \$ - | \$ - | \$ - | \$ 325,954 | 3 | 1.89 |