

Wage Theft

The most basic assumption workers make when they perform their jobs is that they will get paid. But this doesn't happen for thousands of workers in our state. When unscrupulous business owners refuse to pay wages, or underpay them, it not only harms those workers and their families, it also harms businesses that play by the rules—and our state government. Most employers pay workers properly, but those that don't are undercutting their competitors and the state by not paying workers' compensation, unemployment insurance, and business taxes. That revenue is needed to fund K-12 education and other critical services, and so injured workers can heal and return to their jobs.



By taking a stand against wage theft, the State Legislature can ensure workers get what they've earned, level the playing field for responsible employers, and boost needed state revenue.

The Legislature can accomplish this in two steps: 1) Create genuine recourse for victims of wage theft and real penalties that discourage wage theft, and 2) Clarify employment definitions so businesses can't deliberately misclassify their workers as contractors to avoid their wage and tax responsibilities.

ANTI-RETALIATION

While most employers do their best to pay workers lawfully—or quickly remedy problems when they are identified—certain bad actors do not pay what is owed even when presented with evidence showing the shortfall. Even worse, **some employers will retaliate against workers seeking the wages they earned by cutting hours, terminating employment, or threatening immigration-related actions.** This is immoral and unacceptable, yet there are few protections in state wage-and-hour laws to protect workers from such actions. That is why it is so important that the State Legislature adopt anti-retaliation legislation to protect workers who try to get paid what they have earned.

ENFORCEMENT & PENALTIES



Under current law, employers that commit wage theft are liable for up to double the amount of withheld pay in damages. Given this crime's growing prevalence, that is an insufficient deterrent and could simply be considered a "cost of doing business" in the unlikely event cheated workers successfully pursue complaints. **By increasing penalties to triple damages, the Legislature can send a strong message that wage theft will not be tolerated in Washington.**

(CONTINUED on reverse)



Legislation to address Wage Theft is part of the 2016 Shared Prosperity Agenda of the Washington State Labor Council, AFL-CIO that includes a range of issues that address economic opportunity and justice.

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WAGE RECOVERY

When you work hard, you should get paid. But for thousands of workers across Washington State that doesn't happen. Unscrupulous employers often hide assets or disappear, making it nearly impossible for workers to track down the wages they are owed. The Wage Recovery Act gives vulnerable workers prompt access to known assets to make wage-theft victims whole. This legislation follows other state models that allow workers to have their wages recovered through liens on personal and real property. The WRA levels the playing field and gives all Washington workers the same tools to recover unpaid wages quickly.

WORKPLACE FRAUD

Misclassifying workers as independent contractors is workplace fraud. This is how some businesses avoid paying the taxes and insurance premiums that protect everyone. By establishing a simple, three-part test, the State Legislature can make it clear who is a traditional employee and who is a *bona fide* independent contractor, so that true employees are no longer misclassified and cheated out of protections or pay:



- The person is, and will continue to be, free from control or direction over the performance of the labor or service;
- The labor or service is outside the usual course of businesses for which the service is performed, or the service is performed outside of the places of business of the purchaser;
- The individual is customarily engaged in an independently established trade.

This bill will ensure that revenue owed to the public is paid, while protecting the independence of true independent contractors and sole proprietors – like lawyers, doctors, real estate agents and home-based sales people.

The STOP WAGE THEFT COALITION includes:

Alliance for a Just Society	Northwest Floor Covering	UA (Plumbers and Pipefitters)
Bricklayers & Allied Craftworkers	Industry Association	Local 32
Local #1-WA	NW Laborers	United Farm Workers
Casa Latina	OneAmerica	Washington State Building and
Colectiva Legal	Progreso Latino	Construction Trades
Columbia Legal Services	Puget Sound Sage	Seattle Building & Construction
Faith Action Network	SEIU 775	Trades
IBEW Local 46	SEIU Healthcare 1199NW	Washington State Labor Council,
International Union of Painters	Sheet Metal Workers	AFL-CIO
and Allied Trades District	Teamsters Joint Council 28	Washington State Nurses
Council 5	Teamsters Local 117	Association
Mark Law Offices	United Food and Commercial	Western Washington Signatory
National Employment Law Project	Workers Local 21	Painting Employers
Northwest Justice Project	Unite Here Local 8	Working Washington