

**ESD Datasharing Presentation to the  
Legislative Taskforce on the Underground Economy  
November 19, 2007**

On August 1, 2007, agency representatives provided an overview of the barriers and impediments to monitoring the underground economy and collecting taxes in the construction industry. Seven major barriers were identified. The third barrier was “The complexity of legally sharing data among agencies under state and federal privacy requirements.” Specifically, the agencies identified three issues within this barrier:

- A. Complexity of confidentiality laws, both federal and state
  - Unable to share or discuss data with other agencies when it is received from IRS
  - Unable to re-disclose information once it is received from other state agencies
- B. Issues surrounding data sharing agreements
  - Frequency of expiration of data sharing agreements
  - Data sharing agreements may be too limited in scope
  - Data sharing agreements must be amended each time additional information is identified as required
- C. More effective method to utilize technology to identify inconsistencies in businesses’ reporting to agencies

Employment Security recommends:

- 1) laws be enacted to allow state agencies to share all information regarding workers and employers with other state agencies, regardless of the source of such information, including modification of RCW 50.13.060(9)<sup>1</sup>
- 2) enact a law<sup>2</sup> for all industries that any employer using the services of a non-employee worker be responsible for maintaining such worker’s UBI number on file, complete with compensation paid.

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<sup>1</sup> Similar to 20 CFR 603.9(c) which states, in part:

(c) Redisclosure of confidential UC information. (1) A State or State UC agency may authorize any recipient of confidential UC information under paragraph (a) of this section to redisclose information only as follows:

- (i) To the individual or employer who is the subject of the information;
- (ii) To an attorney or other duly authorized agent representing the individual or employer;
- (iii) In any civil or criminal proceedings for or on behalf of a recipient agency or entity;
- (iv) In response to a subpoena only as provided in §603.7;
- (v) To an agent or contractor of a public official only if the person redisclosing is a public official, if the redisclosure is authorized by the State law, and if the public official retains responsibility for the uses of the confidential UC information by the agent or contractor;
- (vi) From one public official to another if the redisclosure is authorized by the State law. . . .

<sup>2</sup> Similar to RCW 50.12.070(1)(b), which states in part:

(b) An employer who contracts with another person or entity for work subject to chapter 18.27 or 19.28 RCW shall obtain and preserve a record of the unified business identifier account number for the person or entity performing the work. Failure to obtain or maintain the record is subject to RCW 39.06.010 and to a penalty determined by the commissioner, but not to exceed two hundred fifty dollars, to be collected as provided in RCW 50.24.120.