

Joint Legislative Task Force on the Underground Economy in the Construction Industry
Legislative Matrix

	Type of Action Needed			Biennium		
	Legislation	Budget item	Agency	2008	2009-11	2011-13
(1) Enforcement						
(a) Add 3 staff (one a working supervisor) to the FAIR contractor fraud team.		X	X	X	X	
(b) L&I to add 3-4 auditors to the north Puget Sound area. ESD – Add auditors DOR – Add auditors		X	X	X	X	
(c) L&I to add 1 Assistant Attorney General dedicated to handle contractor compliance criminal cases.		X	X	X	X	
(d) Funding. In general, increase funding to be used towards enforcement activities. This includes recruiting, retaining and training auditors; and increasing the pay scale for auditors.		X		X		
(e) Require local governments to verify compliance with registration and other requirements before issuing a business license.	X	X		X	X	
(f) Provide funding to local governments to assist in notifying L&I of construction activity and enforcement requirements.		X			X	
(g) Require contractors to post their registration on the job site.	X				X	
(h) Develop a process to report new hires to L&I. See attached Process to Improve Worker Reporting, Revised Process to Improve.	X	X		X		X

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(2) Penalties and Requirements						
(a) In general, increase penalties. This could include publicizing the names of those people who have been penalized, or imposing training requirements on those who have been penalized.	X			X		
(b) Increase unregistered contractor criminal penalty from gross misdemeanor to a class C felony for the 3 rd offense.	X		X	X	X	
(c) Require a valid photo identification for contractor registration and renewal and make it available for review by consumers to verify the identity of the contractor.	X	X	X		X	X
(d) Explore requirements for new and out-of-state contractors to attend a contractor training class before allowing registration/licensing, as well as a minimum of 8 hours of ongoing education on law/regulations each year. Add one staff person to implement these changes.	X	X	X		X	
(e) Explore civil/criminal penalties for falsifying information on a contractor registration.	X		X	X	X	
(f) Explore prevailing wage strike for willful or repeat violation of workers' compensation reporting or contractor registration laws.	X		X	X	X	
(g) Provide agencies with greater flexibility in issuing penalties, including the authority in extreme cases to close down a business.	X			X	X	
(h) Create penalties for homeowners who intentionally do not follow the rules.	X			X		
(i) Create penalties for persons who accept cash for	X			X		

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payment.						
(j) Create a criminal penalty for a contractor who intentionally reports that an employee is an independent contractor.	X				X	
(3) Education and Outreach						
(a) In general, enhance contractor/consumer education.			X	X		X
(b) Change the contractor registration form and provide information to increase understanding of laws, risks, and responsibilities.		X	X	X		
(c) Approach UBI Board to discuss potential changes to the contractor registration form to increase understanding of laws, risks, and responsibilities.		X	X	X		
(d) Establish a construction training and outreach team. Add 2 staff to provide direct contractor education/outreach to put on contractor training days, attend home shows, perform outreach to consumers and contractors. This also requires funding for travel, mailings, and materials. Add 2 underwriting staff for education and outreach on workers' compensation requirements and premium responsibilities, including independent contractor issues. They would work with new firms individually, develop training and present statewide, and help establish mass education campaigns. Funding for travel, mailings, and materials is also needed.		X	X		X	
(e) Create a social marketing campaign aimed at consumers, warning of risks and potential consequences. This could include providing public service		X	X	X	X	X

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announcements and other similar materials to the media; providing information on violations and penalties; and encouraging legitimate contractors and the public to report fraud.						
(f) Provide additional training opportunities for contractors. This should be in multiple languages.		X				X
(g) Establish a rebate program for homeowners who report use of a registered contractor to L&I. See attached Compliant Contractor Rebate Form.	X	X	X		X	
(4) Data-Sharing and Detection						
(a) Enact laws to allow state agencies to share all information regarding workers and employers with other state agencies, regardless of the source of such information.	X			X		
(b) Enact a law, similar to RCW 50.12.070, for all industries that requires employers using the services of an independent contractor to keep the worker's UBI number on file, as well as compensation paid to the worker.	X			X	X	
(c) Require that all businesses have a UBI number, even if exempt from DOR reporting requirements.	X			X		X
(d) Enhance funding for the Master Business Application Systems.		X			X	X
(e) Complete secure database for IRS data-sharing.		X	X	X		
(f) Finish feasibility study for a comprehensive employer fraud/abuse detection system.		X	X	X		
(g) Submit budget package for employer fraud detection system based on results of feasibility study.		X	X		X	

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(h) Enter into data-sharing with local jurisdictions regarding building permit data.		X	X	X	X	
(i) Continue negotiating with IRS for joint data-sharing agreement for ESD, DOR, and L&I to allow sharing of IRS data between the agencies when appropriate.			X	X		
(5) Other						
(a) Benchmarks. L&I to evaluate potential needs regarding additional enforcement, focusing on the following areas: Audit staff (statewide), contractor compliance, whether another AAG is needed for criminal cases.		X	X	X	X	X
(b) Definition of independent contractor. Create one statutory definition of independent contractor to be used by L&I, ESD, and DOR.	X			X		
(c) Contractor registration/licensing. Create a competency test for contractors.	X				X	
(d) Contractor registration/licensing. Should independent contractors be required to carry workers' compensation coverage?	X				X	

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