



Tim Burgess **Seattle City Councilmember**

Date: March 28, 2011

To: Seattle City Councilmembers

From: Councilmember Tim Burgess

Subject: **The Problem of Wage Theft**

In late 2009, my office received numerous reports about workers in low-wage industries in Seattle who had employers that intentionally withheld part or all of their wages, a phenomenon known as “wage theft.”

After my office conducted research into this issue, including meeting with community representatives and victims of wage theft, I discovered that wage theft is a much more prevalent problem than I expected. In fact, other state and local governments have developed or are in the process of developing a variety of responses to more aggressively respond to wage theft.

In Washington State, claims of wage theft are handled under the civil processes of the State Department of Labor and Industries. While many citations are issued for violations of state wage laws and regulations and 615 sustained claims sent to collections in fiscal year 2009, the department lacks sufficient resources to actively collect lost wages on behalf of victimized workers. If employers do not pay voluntarily, they often never pay. Improvements to state law and processes were adopted in 2010, but these changes, while certainly appropriate, have not changed the reality for many of the workers who are taken advantage of by their employer.

The problem of wage theft is significant enough to warrant enhanced City efforts to recover wages for these workers and to deter other employers from committing wage theft.

A first step is to modify our Seattle Municipal Code to more clearly define wage theft. The ordinance changes I am proposing would add the following elements to the Seattle Municipal Code (SMC):

- Under SMC 12A.08.060 (Theft), a new subsection (A4) clarifies that knowingly securing services for payment and intentionally avoiding full payment for these services is an element of the crime of theft, a gross misdemeanor.
- A list of specific circumstances is added to the SMC that may be considered in determining whether a defendant intended to commit wage theft. Similar lists of circumstances are used in the SMC sections for prostitution loitering

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600 Fourth Avenue, Floor 2, PO Box 34025, Seattle, Washington 98124-4025
Office: (206) 684-8888 Fax: (206) 684-8587 TTY: (206) 233-0025

(12A.10.010) and drug-traffic loitering (12A.20.050).

- An additional clarification is added to the SMC so that it is clear that wage theft can occur either at the place where the agreement for service was made or at the location where the services are performed, a change necessary to make the City law applicable in those cases where an offer of employment is made and accepted inside the city limits of Seattle yet the work is performed outside the City, or vice versa.
- Under SMC 5.55.230 (Business licenses), the City's Director of Finance and Administrative Services would be empowered to refuse to issue, revoke or refuse to renew a Seattle business license to individuals who
 - are convicted of wage theft under new section 12A.08.060A4, or
 - are subject to a final and binding citation and notice of assessment for wage violations from the State Department of Labor and Industries AND have not satisfied the judgment within 30 days, or
 - have been assessed civil liability by a court under Washington state wage laws in RCW 49.46, 49.48 or 49.52 AND have not satisfied the judgment within 30 days.

By encouraging greater compliance and leveling the playing field for all businesses and workers, a targeted campaign against wage theft will benefit everyone who does business fairly and honestly in Seattle.

This matter will be on the agenda of the Council's Public Safety and Education Committee on Thursday, March 31 at 10:30 a.m. This will be the Committee's first formal consideration of the legislation.

Please let me know if you have any questions about the proposed legislation. I would appreciate your support of these changes.