#27

Karina Bull/lg/pml
OCR Wage and Tip Compensation ORD
November 6, 2014
Version #12 clean

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL 118249

AN ORDINANCE relating to employment in Seattle; adding a new Chapter 14.20 to the Seattle Municipal Code; creating an administrative process for wage and tip compensation complaints by establishing wage and tip compensation requirements; prescribing remedies and enforcement procedures; adding provisions related to wage theft; and amending Sections 5.55.230 and 12A.08.060 of the Seattle Municipal Code.

WHEREAS, research shows that wage theft is a significant problem around the country, with one 2008 study finding that more than two-thirds of workers surveyed in low-wage industries experienced at least one pay-related violation in the previous work week amounting to an average loss of 15 percent of weekly earnings; and

WHEREAS, applying this research to Seattle's estimated 102,000 workers making less than $15 an hour indicates that a significant number of workers may regularly experience wage theft in our city; and

WHEREAS, Casa Latina, a Seattle-based, non-profit organization, reported filing 100 wage theft complaints with the Washington State Department of Labor and Industries in an 18-month period in 2010 and 2011, and receiving 250 calls per year from workers who say that they are not getting paid; and

WHEREAS, although the City Council unanimously passed Ordinance 123596 criminalizing wage theft in 2011, only 11 Seattle workers have filed wage theft complaints with the Seattle Police Department as of April 2014, and the high standard of proof for establishing criminal wage theft may deter workers from reporting these types of violations; and

WHEREAS, those individuals affected by wage theft are often among the most vulnerable in our city, often lacking access to sufficient resources and time to appeal their unpaid wages; and

WHEREAS, encouraging greater compliance with wage and tip compensation requirements benefits all workers by ensuring a level playing field in the labor market; and

WHEREAS, encouraging greater compliance with wage and tip compensation requirements benefits the businesses that already comply with these laws; and

WHEREAS, the City of Seattle finds it necessary and appropriate to create a stronger incentive for employees to report unpaid wages and tips and for employers to comply with wage and tip compensation requirements; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Effective April 1, 2015, a new Chapter 14.20 "Wage and Tip Compensation Requirements" is added to Title 14 of the Seattle Municipal Code as follows:

14.20.010 Definitions

For the purposes of Chapter 14.20:

"Agency" means the Office for Civil Rights and any division therein;

"City" means the City of Seattle;

"Director" means the Division Director of the Office of Labor Standards within the Office for Civil Rights or the Division Director's designee;

"Employ" means to permit to work;

"Employee" means "employee," as defined under Section 12A.28.200. Employee does not include individuals performing services under a work study agreement;

"Employer" means any individual, partnership, association, corporation, business trust, or any person or group of persons acting directly or indirectly in the interest of an employer in relation to an employee;

"Hearing Examiner" means the official appointed by the City Council and designated as the Hearing Examiner, or that person's designee (e.g. Deputy Hearing Examiner, Hearing Examiner Pro Tem);

"Pay day" means a specific day or date established by the employer on which wages are paid for hours worked during a pay period, as defined in WAC 296-126-023 effective as of September 18, 2014;

"Payment interval" means the amount of time between established pay days. A payment interval may be daily, weekly, bi-weekly, semi-monthly or monthly, as defined in WAC 296-126-023 effective as of September 18, 2014;

"Pay period" means a defined time frame for which an employee will receive a paycheck. A pay period may be daily, weekly, bi-weekly, semi-monthly or monthly, as defined in WAC 296-126-023 effective as of September 18, 2014;

"Piece-rate" means a price paid per unit of work;

"Successor" means any person to whom an employer quitting, selling out, exchanging, or disposing of a business sells or otherwise conveys in bulk and not in the ordinary course of the employer's business, more than 50 percent of the property, whether real or personal, tangible or intangible, of the employer's business;

"Tip" means a verifiable sum to be presented by a customer as a gift or gratuity in recognition of some service performed for the customer by the employee receiving the tip;

"Wage" means compensation due to an employee by reason of employment, payable in legal tender of the United States or checks on banks convertible into cash on demand at full face value, subject to such deductions, charges, or allowances as may be permitted by rules of the Director. Commissions, piece-rate, and bonuses are included in wages. Tips and employer payments toward a medical benefits plan do not constitute wages for purposes of Chapter 14.20.

14.20.020 Employment in Seattle

A. Employees are covered by Chapter 14.20 for each hour worked within the geographic boundaries of Seattle, provided that an employee who performs work in Seattle on an occasional basis is covered by Chapter 14.20 in a two-week period only if the employee performs more than two hours of work for an employer within Seattle during that two-week period.

B. Employees are not covered by Chapter 14.20 for time spent in Seattle solely for the purpose of travelling through Seattle from a point of origin outside Seattle to a destination outside Seattle, with no employment-related or commercial stops in Seattle except for refueling or the employee's personal meal or errands.

14.20.030 Wage and tip compensation requirements

An employer shall pay all wage and tip compensation owed to an employee on an established regular pay day at no longer than monthly payment intervals.

14.20.040 Notice and posting

A. Employers shall comply with the notice requirements of this Section 14.20.040 by providing written information to employees in English, Spanish, and any other language commonly spoken by employees at the particular workplace. Employers may choose a reasonable method for providing this information to employees, including, but not limited to a letter, paystub for the notice required by subsection C of this Section 14.20.040, or an employee-accessible online system.

B. At time of hire, or within one pay period prior to any change in employment, employers shall provide written notice to employees that contains the following information:

1. Name of employer and any trade ("doing business as") names used by the employer;

2. Physical address of the employer's main office or principal place of business and, if different, a mailing address;

3. Telephone number of the employer;

4. Employee's rate or rates of pay;

5. Employee's tip policy, including any tip sharing, pooling, or allocation policies, if applicable;

6. Pay basis (e.g. hour, shift, day, week, commission); and

7. Employee's established pay day for earned wage and tip compensation.

C. Each time wages and tips are paid, employers shall provide written notice that contains the following information:

1. Rate or rates of pay;

2. Tip compensation;

3. Pay basis (e.g. hour, shift, day, week, commission);

4. Gross wages; and

5. All deductions for that pay period.

D. Employers shall provide written notice to employees that they are entitled to the wage and tip compensation rights defined in Chapter 14.20; that retaliation against persons for their exercise of rights defined in Chapter 14.20 is prohibited; and that each employee has the right to

file an administrative charge under Chapter 14.20 if the employer fails to comply with the wage and tip compensation rights defined in Chapter 14.20 or if the employer takes adverse action against a person in retaliation for engaging in activity protected under Chapter 14.20.

1. The Agency shall create and make available to employers a poster that contains the information required under this subsection 14.20.040.D for their use in complying with this subsection 14.20.040.D. The poster shall be printed in English, Spanish, and any other languages that the Agency determines are needed to notify employees of their rights under Chapter 14.20.

2. Employers may comply with this subsection 14.20.040.D by displaying the Agency's poster in each establishment where such employees are employed.

3. Employers may also comply with this subsection 14.20.040.D by including the poster in employee handbooks or other written guidance to employees; distributing a copy of the poster to each new employee upon hiring; or duplicating all of the poster's text for use in another format (e.g. employee letter or employee-accessible online system).

4. Employers may choose whether notice in this subsection is physical or electronic, but in either case the notice shall be reasonably conspicuous and accessible to all employees.

14.20.050 Records

A. For a period of three years, employers shall retain payroll records pertaining to covered employees that document the name, address, occupation, dates of employment, rate or rates of pay, amount paid each pay period, and the hours worked for each employee. Employers shall allow the Agency access to such records, with appropriate notice and at a mutually agreeable

time, to investigate potential violations and to monitor compliance with the requirements of Chapter 14.20.

B. If an issue arises as to an employee's entitlement to wage and tip compensation under Chapter 14.20, if the employer does not maintain or retain adequate payroll records, or does not allow the Agency reasonable access to such records, there shall be a presumption, rebuttable by clear and convincing evidence, that the employer violated Chapter 14.20.

14.20.060 Exercise of rights protected; retaliation prohibited

A. It shall be a violation for an employer or any other person to interfere with, restrain, deny, or attempt to deny the exercise of any right protected under Chapter 14.20.

B. It shall be a violation for an employer to take adverse action, including but not limited to discharging, threatening, harassing, demoting, penalizing, or in any other manner discriminating or retaliating against any person because the person has exercised in good faith the rights protected under Chapter 14.20. Such rights include but are not limited to the right to make inquiries about the rights protected under Chapter 14.20; the right to file an oral or written complaint with the Agency about any employer's alleged violation of Chapter 14.20; the right to inform an employer, union or similar organization, and/or legal counsel about an employer's alleged violation of Chapter 14.20; the right to cooperate with the Agency in its investigations of alleged violations of Chapter 14.20; the right to oppose any policy, practice, or act that is unlawful under Chapter 14.20; and the right to inform other employees of their potential rights under Chapter 14.20.

C. It shall be a violation for an employer to communicate to a person filing a wage claim, directly or indirectly, explicitly or implicitly, the willingness to inform a government employee that the person is not lawfully in the United States, report or threaten to report suspected citizenship or immigration status of an employee or a family member of the employee to a federal, state, or local agency because the employee has exercised a right under Chapter 14.20.

D. It shall be considered a rebuttable presumption of retaliation if an employer takes an adverse action against a person within 90 days of the person's exercise of rights protected in subsections B and C of this Section 14.20.060.

14.20.070 Enforcement

A. Powers and Duties

1. The Agency shall investigate charges alleging violations of Chapter 14.20 as defined herein, and shall have such powers and duties in the performance of these functions as are defined in Chapter 14.20 and otherwise necessary and proper in the performance of the same and provided for by law.

2. The Director is authorized and directed to promulgate rules consistent with Chapter 14.20.

B. Charges and Investigation

1. The failure of an employer to comply with any requirement imposed on an employer under Chapter 14.20 shall be a violation. The Agency may investigate any violations of Chapter 14.20. A charge alleging a violation of Chapter 14.20 should include a statement of the dates, places, and persons or entities responsible for such violation. A charge alleging a violation

of Chapter 14.20 or pattern of such violations may also be filed by the Director if the Director has reason to believe that any person has been engaged or is engaging in a violation of Chapter 14.20.

2. The Agency shall encourage reporting pursuant to this Section by keeping confidential, to the maximum extent permitted by applicable laws, the name and other identifying information of the employee or person reporting the violation. Provided, however, that with the authorization of such person, the Agency may disclose this employee's or person's name and identifying information as necessary to enforce Chapter 14.20 or for other appropriate purposes.

3. Charges filed under Chapter 14.20 must be filed within three years after the occurrence of the alleged violation.

4. The Director shall cause to be served or mailed by certified mail, return receipt requested, a copy of the charge on the employer within 20 days after the filing of the charge and shall promptly make an investigation thereof.

5. The investigation shall be directed to ascertain the facts concerning the alleged violation of Chapter 14.20, and shall be conducted in an objective and impartial manner.

6. During the investigation the Director shall consider any statement of position or evidence with respect to the allegations of the charge that the charging party or the employer wishes to submit. The Director shall have the authority to sign and issue subpoenas requiring the attendance and testimony of witnesses and the production of evidence, including but not limited to books, records, correspondence, and documents in the possession or under the control of the individual or entity subpoenaed.

C. Findings of Fact and Notice of Violation.

1. Except when there is an agreed upon settlement, the results of the investigation shall be reduced to written findings of fact, and a written determination shall be made by the Director that a violation of Chapter 14.20 has or has not occurred based on a preponderance of the evidence before the Director. The findings of fact shall be furnished promptly to the respondent and charging party or aggrieved party in the form of notice of violation or a written determination of no violation shown.

2. If the Director has a reasonable belief that a notice of violation for Chapter 14.20 also indicates a violation of Section 12.A.08.060, the Director may refer the complaint to the Seattle Police Department for further investigation or to the City Attorney's Office for prosecution.

D. Remedies

1. In addition to the civil penalties, provided for in this subsection 14.20.070.D, an employer found to be in violation of Chapter 14.20 shall be subject to full payment of unpaid wages and tip compensation plus accrued interest due to the charging or aggrieved party under the terms of Chapter 14.20. If the alleged amount of unpaid wage and tip compensation is ongoing at the time of the filing of the charge, the Director may order payment of amounts that accrue after the filing of the charge and before the date of the Director's order.

2. An employer who willfully violates the notice and posting requirements of this Section shall be subject to a civil penalty in an amount not to exceed $125 for the first violation and $250 for subsequent violations.

3. An employer who willfully resists, prevents, impedes, or interferes with the

Director in the performance of the Director's duties under Chapter 14.20 shall be subject to a civil penalty of not less than $1,000 and not more than $5,000.

4. For a first time violation of Chapter 14.20, the Director shall issue a warning and may assess, in addition to the remedies provided in subsections D.1, D.2, and D.3 of this Section 14.20.070, a civil penalty of up to $500. For subsequent violations, the Director shall assess, in addition to the remedies provided in subsections D.1, D.2, and D.3 of this Section 14.20.070, a civil penalty as provided in this subsection 14.20.070.D.4. A civil penalty for a second time violation of Chapter 14.20 shall not be greater than $1,000 per employee or an amount equal to ten percent of the total amount of unpaid wage and tip compensation, whichever is greater. A civil penalty for a third violation of Chapter 14.20 shall not be greater than $5,000 per employee or an amount equal to ten percent of the total amount of unpaid wage and tip compensation, whichever is greater. The maximum civil penalty for a violation of Chapter 14.20 shall be $20,000 per employee.

5. Within 60 days of a notice of violation, the Director shall confer with the parties and determine the remedy due. The remedy shall be reduced to writing in an order of the Director.

6. If any employer quits business, sells out, exchanges, or otherwise disposes of the employer's business or stock of goods, any person who becomes a successor to the business becomes liable for the full amount of the remedy, as defined in the Director's order, against the employer's business under Chapter 14.20 if, at the time of the conveyance of the business, the successor has: (a) actual knowledge of the fact and amount of the Director's order or (b) a

prompt, reasonable, and effective means of accessing and verifying the fact and amount of the Director's order.

E. Appeal Period and Failure to Respond

An employer may appeal the Director's order, including all remedies issued pursuant to subsection D, by requesting a contested hearing before the Hearing Examiner in writing within 15 days of service. If an employer fails to appeal the Director's order within 15 days of service, the Director's order shall be final and enforceable. If the last day of the appeal period so computed is a Saturday, Sunday, or federal or City holiday, the appeal period shall run until 5:00 pm on the next business day.

F. Appeal Procedure and Failure to Appear

1. Contested hearings shall be conducted pursuant to the procedures for hearing contested cases contained in Section 3.02.090 and the rules adopted by the Hearing Examiner for hearing contested cases. The Director shall have the burden of proof by a preponderance of the evidence before the Hearing Examiner. Failure to appear for a contested hearing will result in an order being entered finding that the employer committed the violation stated in the Director's order. For good cause shown and upon terms the Hearing Examiner deems just, the Hearing Examiner may set aside an order entered upon a failure to appear.

2. In all contested cases, the Hearing Examiner shall enter an order affirming, modifying or reversing the Director's order.

3. If an employer fails to comply with any final order issued by the Director or the Hearing Examiner, the Director shall refer the matter to the City Attorney for the filing of a civil

action in King County Superior Court, the Seattle Municipal Court, or any other court of competent jurisdiction to enforce such order.

4. If prompt compliance with the remedy, as defined in a Director's order for which all appeal rights have been exhausted, is not forthcoming, the Director may request that the City's Department of Finance and Administrative Services refuse to issue, refuse to renew, or revoke any business license held or requested by the employer or person until such time as the employer complies with the remedy as defined in a Director's order. The City's Department of Finance and Administrative Services shall have the authority to refuse to issue, refuse to renew, or revoke any business license in accordance with this subsection 14.20.070.F.4.

14.20.080 Severability

The provisions of Chapter 14.20 are declared to be separate and severable. If any clause, sentence, paragraph, subdivision, section, subsection or portion of Chapter 14.20, or the application thereof to any employer, employee, or circumstance, is held to be invalid, it shall not affect the validity of the remainder of Chapter 14.20, or the validity of its application to other persons or circumstances.

14.20.090 Other legal requirements

Chapter 14.20 defines wage and tip compensation requirements for employees performing work within City limits and shall not be construed to preempt, limit, or otherwise affect the applicability of any other law, regulation, requirement, policy, or standard that provides for greater requirements; and nothing in Chapter 14.20 shall be interpreted or applied so

as to create any power or duty in conflict with federal or state law. Nor shall Chapter 14.20 be construed to preclude any person aggrieved from seeking judicial review of any final administrative decision or order made under Chapter 14.20 affecting such person.

Section 2. Effective April 1, 2015, subsection A of Section 5.55.230 of the Seattle Municipal Code, last amended by Ordinance 123899, is amended as follows:

5.55.230 Refusal to issue, revocation of, or refusal to renew business license

A. The Director, or his or her designee, has the power and authority to refuse to issue, revoke or refuse to renew any business license or amusement device license issued under the provisions of this chapter. The Director, or his or her designee, shall notify such applicant or licensee in writing by certified mail of the refusal to issue, revocation of, or refusal to renew, his or her license and on what grounds such a decision was based. The Director may refuse to issue, revoke or refuse to renew any license issued under this chapter on one or more of the following grounds:

1. The license was procured by fraud or false representation of fact.

2. The licensee has failed to comply with any provisions of this chapter.

3. The licensee has failed to comply with any provisions of Chapters 5.32, 5.35, 5.37, 5.40, 5.45, 5.46, 5.48, or 5.52

4. The licensee is in default in any payment of any license fee or tax under Title 5 or Title 6

5. The property at which the business is located has been determined by a court to be a chronic nuisance property as provided in Chapter 10.09

6. The applicant or licensee has been convicted of theft under Section 12A.08.060.A.4 within the last ten years.

7. The applicant or licensee is a person subject within the last ten years to a court order entering final judgment for violations of RCW 49.46, 49.48, or 49.52, or 29 U.S.C. 206 or 29 U.S.C. 207, and the judgment was not satisfied within 30 days of the later of either:

a. the expiration of the time for filing an appeal from the final judgment order under the court rules in effect at the time of the final judgment order; or

b. if a timely appeal is made, the date of the final resolution of that appeal and any subsequent appeals resulting in final judicial affirmation of the findings of violations of RCW 49.46, 49.48, or 49.52, or 29 U.S.C. 206 or 29 U.S.C. 207.

8. The applicant or licensee is a person subject within the last ten years to a final and binding citation and notice of assessment from the Washington State Department of Labor and Industries for violations of RCW 49.46, 49.48 or 49.52, and the citation amount and penalties assessed therewith were not satisfied within 30 days of the date the citation became final and binding.

9. Pursuant to subsection 14.20.070.F.6, the applicant or licensee has failed to promptly comply with a final order by the Division Director of the Office of Labor Standards within the Office for Civil Rights issued under Chapter 14.20, for which all appeal rights have been exhausted, and the Division Director of the Office of Labor Standards within the Office for Civil Rights has requested that the Director refuse to issue, refuse to renew, or revoke any business license held or requested by the applicant or licensee. The refusal to issue, refusal to

renew, or revocation shall remain in effect until such time as the violation under Chapter 14.20 is remedied.

10. ___The period of non-issuance, revocation or non-renewal for grounds stated in subsections A.1 through A.8 of this Section 5.55.230 shall be at least one year, and the licensee or any person (as defined in ((~~Section~~)) subsection 5.30.040.F) in which the licensee is a principal shall not again be licensed during such period.

* * *

Section 3. Effective April 1, 2015 subsection B of Section 12A.08.060 of the Seattle Municipal Code, last amended by Ordinance 123596, is amended as follows:

12A.08.060 Theft.

* * *

B. For purposes of subsection A4 of this Section 12A.08.060, among the circumstances that may be considered in determining whether the person intends to avoid payment for services are that he or she:

1. agrees to pay the person providing the services immediately upon completion of the services, but fails to do so; or

2. fails to pay the person providing the services at the time of an agreed-upon payday or at the end of the regular payment interval required by state and federal statutes; or

3. agrees to pay the person providing the services at a specified time and place after completion of the services, but fails to appear at that time or place; or

4. agrees to pay the person providing the services a specified amount upon completion of the services, but pays or offers a lesser amount; or

5. pays the person providing the services with a check that is not honored by the bank or other depository upon which it is drawn because of insufficient funds or a stop-payment order; or

6. in retaliation for asserting any claim to wages, communicates to the person providing the services, directly or indirectly, explicitly or implicitly, the willingness to inform a government employee that the person is not lawfully in the United States, or threatens, intimidates, or takes any other adverse action against the person; or

7. has been found by a court to have violated 29 U.S.C. 215(a)(3) with respect to the person providing the services; or

8. fails to respond within fifteen days to any written communication that makes a demand for unpaid wages from the person providing the services or any other person or entity writing on that person's behalf.

Proof of any of these circumstances is not required for theft under subsection A4 of this Section 12A.08.060 nor do any of these circumstances conclusively prove theft under subsection A4 of this Section 12A.08.060.

* * *

Section 4. Upon the effective date of this ordinance, the Director of the Office for Civil Rights is authorized and directed to promulgate rules consistent with, and to carry out, the amendments to the Seattle Municipal Code contained in this ordinance.

Section 5. This ordinance shall take effect and be in force 30 days after its approval by the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

Passed by the City Council the ____ day of _____, 2014, and signed by me in open session in authentication of its passage this

_____ day of _____, 2014.

_____

President _____of the City Council

Approved by me this ____ day of _____, 2014.

_____

Edward B. Murray, Mayor

Filed by me this ____ day of _____, 2014.

_____

Monica Martinez Simmons, City Clerk

(Seal)

Form revised: February 26, 2014

2015 BUDGET LEGISLATION FISCAL NOTE

Department:	Contact Person/Phone:	CBO Analyst/Phone:
OCR	Patricia Lally/233-7822	Ann Gorman/684-5292

Legislation Title: AN ORDINANCE relating to employment in Seattle; adding a new Chapter 14.20 to the Seattle Municipal Code; creating an administrative process for wage and tip compensation complaints by establishing wage and tip compensation requirements; prescribing remedies and enforcement procedures; adding provisions related to wage theft; and amending Sections 5.55.230 and 12A.08.060 of the Seattle Municipal Code.

Summary of the Legislation:
This legislation creates an administrative process for complaints of unpaid wages and tips (commonly referred to as "wage theft") for work performed in Seattle. This ordinance will be administered and enforced by the Office of Labor Standards within the Office for Civil Rights. The legislation also provides that where prompt compliance with a remedy (as defined in a Director's order for which all appeals have been exhausted) is not forthcoming, the Director may request the City's Department of Finance and Administrative Service refuse to issue, refuse to renew, or revoke any business license held or requested by the employer or person until such time as the employer complies with the remedy as defined in a Director's order.

Background:
Research shows that the theft of wages by employers with unscrupulous business practices is a significant problem around the country. One 2008 study found that more than two thirds of 4,387 workers surveyed in low-wage industries experienced at least one pay-related violation in the previous work week, amounting to an average loss of 15 percent of weekly earnings.

Application of this finding to the estimated 102,000 workers in Seattle making less than $15 an hour indicates that a significant number of workers may regularly experience wage theft in our city. Casa Latina, a Seattle-based non-profit organization, reports filing 100 wage theft complaints with the Washington Department of Labor and Industries in an 18-month period from 2010-11, and receiving 250 calls per year from workers who say that they are not getting paid.

In 2011 the City Council unanimously passed Ordinance 123596 to criminalize wage theft, but as of April 2014, only 11 wage theft complaints had been filed with the Seattle Police Department. The high standard of proof for establishing criminal wage theft may deter workers from reporting this type of violation. These workers often are among the most vulnerable in our community and also lack access to resources and time to appeal their unpaid wages and tips.

Encouraging greater compliance with laws requiring payment for wages and tips benefits all workers by ensuring a level playing field in the labor market. Greater compliance also benefits businesses that already comply with these laws.

For this reason, the City of Seattle is seeking a stronger incentive for employees to report unpaid wages and tips, and for employers to comply with wage and tip compensation requirements.

__x__ This legislation does not have any financial implications.

Summary of Changes to Revenue Generated Specifically from this Legislation:

	Revenue Source	2015 Proposed	2016 Proposed
Total Fees and Charges Resulting From Passage of This Ordinance			

(If new revenue is for a partial year, provide estimate for full year in the notes section below.)

Revenue Change Notes:

Anticipated Total Revenue from Entire Program, Including Changes Resulting from this Legislation:

Fund Name and Number	Revenue Source	Total 2015 Revenue	Total 2016 Revenue
TOTAL			

Total Revenue Notes:

Other Implications:

a) **Does the legislation have indirect financial implications, or long-term implications?**
No.

b) **What is the financial cost of not implementing the legislation?**
No.

c) **Does this legislation affect any departments besides the originating department?**
The City's Department of Finance and Administrative Services shall have the authority to refuse to issue, refuse to renew, or revoke any business license in accordance with the Ordinance, specifically subsection 14.20.070.F.4.

This ordinance also permits the City Attorney's Office to pursue collection procedures against an employer that fails to comply with a Director's order to remedy a notice of violation and/or a hearing examiner judgment.

d) **What are the possible alternatives to the legislation that could achieve the same or similar objectives?**

None identified.

e) **Is a public hearing required for this legislation?**
No.

f) **Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**
No.

g) **Does this legislation affect a piece of property?**
No.

h) **Other Issues:**
None.

List attachments to the fiscal note below:

City of Seattle
Edward B. Murray
Mayor

October 17, 2014

Honorable Tim Burgess, President
Seattle City Council
City Hall, 2nd Floor

Dear Council President Burgess:

I am pleased to transmit the attached proposed Council Bill for consideration with the 2015-2016 Proposed Budget. This legislation creates an administrative process for complaints of unpaid wages and tips (commonly referred to as "wage theft") for work performed in Seattle.

The legislation adds a new Chapter 14.20 to the Seattle Municipal Code that establishes wage and tip compensation requirements and prescribes remedies and enforcement procedures that will be enforced by the Office of Labor Standards within the Office for Civil Rights. The legislation also adds provisions related to wage theft by amending SMC 5.55.230 regarding reasons for refusal to issue, revocation or refusal to renew business licenses and SMC 12A.08.060 regarding the definition of theft.

Research shows that theft of wages by employers with unscrupulous business practices is a significant problem around the country. Applying this research to the estimated 102,000 workers in Seattle making less than $15 an hour, over 69,000 workers may regularly experience wage theft in our city. People affected by wage theft often are among the most vulnerable in our city; they also lack access to resources and time to appeal their unpaid wages and tips.

In 2011 the City Council unanimously passed Ordinance 123596 which criminalized wage theft. Since then, the Seattle Police Department has only received 11 formal wage theft complaints, and the high standard of proof for establishing criminal wage theft may deter workers from reporting these types of violations.

For these reasons, the City of Seattle is seeking a stronger incentive for employees to report violations of unpaid wages and tips and for employers to comply with wage and tip compensation requirements. Thank you for your consideration of this legislation. Should you have questions, please contact Patricia Lally at 233-7822.

Sincerely,

Edward B. Murray
Mayor of Seattle

cc: Honorable Members of the Seattle City Council

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Hearing Impaired use the Washington Relay Service (7-1-1)
www.seattle.gov/mayor