



Resolution Supporting the Legislative Proposals Derived From the Joint Legislative Task Force on Washington's Underground Economy in the Construction Industry

Resolution #2025.03

WHEREAS, the underground economy includes construction companies that do not register or do not report a significant part of their business activities with authorities as required by law; and,

WHEREAS, when unlicensed and unregistered contractors fail to pay their fair share of unemployment insurance contributions, taxes, and workers' compensation premiums, they gain an unfair advantage over competitors; and,

WHEREAS, the underground economy in the construction industry leaves workers without protection in the event of injury, illness or lost wages; and,

WHEREAS, the misclassification of employees as independent contractors has been a method of skirting standard worker protections in the construction industry; and,

WHEREAS, consumers are unprotected in the underground economy in the construction industry and have little recourse when work is poorly or unsafely done; and,

WHEREAS, the Department of Revenue, the Employment Security Department and the Department of Labor and Industries have recently assessed over \$57.4 million in taxes and penalties due from unregistered contractors, it is believed that there is much more going uncollected in the underground economy in the construction industry; and,

WHEREAS, Washington's joint legislative task force on the underground economy in the construction industry was reestablished in 2024 to address the ongoing issues, by bringing forward enforcement strategies and recommended legislation to address areas of mutual concern, and that their efforts be continued; and,

WHEREAS, the underground economy is costly to Washington state in lost revenue and unfair to law-abiding businesses and workers; now, therefore, be it,

RESOLVED, that the Washington State Labor Council will work with its affiliates, stakeholders and the Washington State Building and Construction Trades Council to support legislation that aligns with WSLC and affiliate values involving recommendations of the Joint Legislative

Taskforce on the Underground Economy in the Construction Industry for the 2026 Legislative Session.