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Governor



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April 1, 2010

To the Honorable President and Members,
The Senate of the State of Washington

Ladies and Gentlemen:

I am returning herewith, without my approval, Second Substitute Senate Bill 6575 entitled:

"AN ACT Relating to recommendations of the joint legislative task force on the underground economy."

Second Substitute Senate Bill 6575 is designed to limit the underground construction economy by requiring contractors who fail to register with the Department of Labor and Industries to enroll in a training class in addition to registering with the department. First-time offenders who do so would be eligible for reduced fines. Narrowing the underground economy is a laudable goal, and one that should be pursued with stronger legislation.

Despite its benefits, this bill has one significant negative outcome that cannot be ignored. By creating a dedicated account for revenues from contractor registrations, renewals course fees, and penalties, this bill would reduce net revenues to the state's general fund by more than \$2 million annually beginning in Fiscal Year 2012. In these difficult economic times, that reduction would have negative impacts greater than the benefits this legislation would provide. I would welcome similar legislation without the creation of a dedicated account. In addition, I am directing the Departments of Revenue, Labor and Industries, and Employment Security to continue interagency coordination of efforts with stakeholders to identify and sanction unregistered contractors.

For these reasons I have vetoed Second Substitute Senate Bill 6575 in its entirety.

Respectfully submitted,

/s/
Christine O. Gregoire
Governor