



# WGA POSITION PAPER

## Wage Claim Liens *2002 Budget Reform Proposal*

*WGA Position:* The WGA supports the Assembly Republican Caucus package that allows financial institutions priority in wage claim liens.

Currently, the state investigates claims by an employee that his or her employer has not paid the employee wages that are owed to the employee (a wage claim). The employee who brings a wage claim action has a lien upon all property of the employer, real and personal, located in the state for the full amount of wages owed to the employee.

Also, under current law, a wage claim lien takes precedence over all other debts, judgments, decrees, liens, or mortgages against an employer except for a lien of a financial institution, and a lien of the DNR for environmental cleanup.

The Joint Finance Committee included an amendment to the budget that would strip financial institutions of their collateral for commercial loans by allowing wage claim liens to jump ahead of other secured creditors. If it becomes law, collateral used to minimize risk will no longer be secured by a priority lien. Without secured collateral, banks either won't lend their federally insured deposits or they will pass the additional risk of lending on to business borrowers in the form of higher rates. *That means small businesses will pay more for loans just when they can least afford to.*

**Action Required:** Please support the Assembly Republican Caucus package which restores this language to allow financial institutions priority in wage claim liens.

