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**Labor & Workforce Development  
Committee**

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**HB 1367**

**Brief Description:** Concerning for hire vehicles and for hire vehicle operators.

**Sponsors:** Representatives Green, Moeller, Rolfes, Hasegawa, Pettigrew, Sells, Ryu, Appleton, Hunt, Seaquist, Miloscia, Ormsby and Roberts.

**Brief Summary of Bill**

- Requires mandatory industrial insurance coverage for certain for hire vehicle operators and provides that rates are on a per vehicle basis.
- Establishes penalties on for hire businesses for failure to pay industrial insurance premiums and public utility taxes.
- Limits authority of local jurisdictions to regulate taxicab rates to “consumer” rates.

**Hearing Date:** 1/28/11

**Staff:** Joan Elgee (786-7106).

**Background:**

Industrial insurance.

With limited exceptions, all workers in the state are covered by mandatory industrial insurance. Some independent contractors are exempt from mandatory coverage. The term "independent contractor" is not defined in law; rather, this concept is embodied in several exception tests to the definition of "worker." If a worker fulfills the tests, the worker is not covered for purposes of workers' compensation, and no industrial insurance premiums are due. Otherwise, the worker is a covered worker, and premiums are due.

In nearly all types of employments premiums are based on hours worked.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

The retrospective rating program (retro) allows an employer or a group of employers to assume a portion of industrial insurance risk and receive premium refunds or be assessed additional premiums based on claim losses. To sponsor a retro group, a sponsor must have been in existence for at least four years.

For hire vehicles.

Persons operating certain for hire vehicles, including taxicabs, must obtain a license from the Department of Licensing (DOL). Taxicab businesses are also subject to regulation by local jurisdictions. Cities, towns, counties, and port districts may control rates charged for taxicab transportation services and the manner in which rates are calculated and collected. The City of Seattle regulates the rates charged to drivers to lease taxicabs.

Limousine carriers must obtain a license from the DOL. The state has preempted local regulation of limousine carriers except that the Port of Seattle has some regulatory authority. A limousine carrier is a person who, under a single contract, acquires the use of a limousine to travel to a specific destination or for a particular itinerary on a prearranged basis.

The public utility tax applies to for hire transportation businesses.

**Summary of Bill:**

Industrial insurance.

Certain for hire businesses and operators are covered by mandatory industrial insurance. A direct industry service provider that is leasing as the owner of a vehicle, or on the owner's behalf, a for hire vehicle is also within the mandatory coverage of workers' compensation. A direct industry service provider is defined and includes vehicle dispatch services and lessors of vehicles licensed for operation within a single industry.

The Department of Labor and Industries (L&I) must compute premium rates for any business operating for hire, limousine, or taxicab vehicles and any direct industry service provider on a per vehicle basis. The L&I may empower a panel of individuals with for hire and taxicab transportation industry experience and expertise to advise the L&I. The owner of any vehicle subject to mandatory coverage is eligible for inclusion in a retrospective rating program. The retro sponsor may have been in existence for fewer than four years if it can reasonably demonstrate capability to the L&I.

A for hire license must be suspended or revoked, and may not be renewed, if industrial insurance premiums are not paid. Vehicle ownership may also not be transferred. The suspension and revocation of the license for failure to pay premiums must be at the direction and expense of the L&I.

A for hire vehicle and its operator must have evidence of good standing of the industrial insurance premium. Failure to produce evidence upon demand of a law enforcement officer or other government agent is a civil infraction punishable by a fine of not more than \$250 per infraction on both the owner and the operator.

Local regulation.

The authority of a city, county, and port district to regulate taxicab rates is limited to consumer rates. A city, county, or port district setting rates must consider the impact of industrial insurance in the calculation and setting of rates, and adjust the rates to offset any increased cost to the for hire business.

Public utility tax.

The failure to pay the public utility tax also results in the suspension or revocation of the for hire license. In addition, vehicle ownership may not be transferred.

Other.

The DOL and L&I may adopt rules to implement the provisions relating to the penalties.

**Appropriation:** None.

**Fiscal Note:** Preliminary fiscal note available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.