
SUBSTITUTE SENATE BILL 5498

State of Washington

62nd Legislature

2011 Regular Session

By Senate Labor, Commerce & Consumer Protection (originally sponsored by Senators Kline, Shin, Conway, Rockefeller, Kohl-Welles, Keiser, and Chase)

READ FIRST TIME 02/21/11.

1 AN ACT Relating to for hire vehicles and for hire vehicle
2 operators; adding new sections to chapter 51.12 RCW; adding a new
3 section to chapter 51.16 RCW; adding a new section to chapter 46.72
4 RCW; adding a new section to chapter 46.72A RCW; adding new sections to
5 chapter 81.72 RCW; prescribing penalties; and providing an effective
6 date.

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

8 NEW SECTION. **Sec. 1.** A new section is added to chapter 51.12 RCW
9 to read as follows:

10 The legislature finds that taxicab, limousine, and other for hire
11 vehicle operators are at significant risk of injury due to work-related
12 accidents or crimes such as robbery that may not be covered by standard
13 vehicle insurance policies. Since almost all taxicab, limousine, and
14 other for hire vehicle business operations are independent small
15 business franchises, their owners or operators may opt out of
16 industrial insurance coverage without full consideration for the risk
17 of financial exposure to themselves or to their businesses. As a
18 result, health care may be provided to them at public expense or not at
19 all, and erroneous claims may be made by health care providers for

1 insurance coverage, against the state department of labor and
2 industries, private businesses, or the taxicab associations in which
3 certain municipalities require participation. Most for hire vehicle
4 operators do not enjoy the benefit of the broad public policy embodied
5 in this title that mandates industrial insurance protection for
6 workers. The legislature therefore declares that all taxicab,
7 limousine, for hire vehicle businesses, and for hire vehicle operators
8 are subject to mandatory industrial insurance coverage under this
9 title.

10 NEW SECTION. **Sec. 2.** A new section is added to chapter 51.12 RCW
11 to read as follows:

12 (1) Any business that owns and operates a for hire vehicle licensed
13 under chapter 46.72 RCW, a limousine under chapter 46.72A RCW, or a
14 taxicab under chapter 81.72 RCW and the for hire operator or chauffeur
15 of such vehicle is within the mandatory coverage of this title.

16 (2) Any business that as owner or agent leases a for hire vehicle
17 licensed under chapter 46.72 RCW, a limousine under chapter 46.72A RCW,
18 or a taxicab under chapter 81.72 RCW to a for hire operator or a
19 chauffeur and the for hire operator or chauffeur of such vehicle is
20 within the mandatory coverage of this title.

21 (3) For the purposes of this section, the following definitions
22 apply unless the context clearly requires otherwise:

23 (a) "Chauffeur" has the same meaning as provided in RCW 46.04.115;
24 and

25 (b) "For hire operator" means a person who is operating a vehicle
26 for the purpose of carrying persons for compensation.

27 NEW SECTION. **Sec. 3.** A new section is added to chapter 51.16 RCW
28 to read as follows:

29 (1) For the purposes of section 2 of this act:

30 (a) By no later than January 1, 2012, the department must determine
31 by rule the basis for industrial insurance premiums for: (i) Any
32 business that owns and operates for hire, limousine, or taxicab
33 vehicles; and (ii) any business that owns and leases for hire,
34 limousine, or taxicab vehicles to a business operating such vehicle;
35 and

1 (b) Not more than ninety days after the department has determined
2 the basis for industrial insurance premiums by rule under (a) of this
3 subsection, the department must assess such premiums on: (i) Any
4 business that owns and operates for hire, limousine, or taxicab
5 vehicles; and (ii) any business that owns and leases for hire,
6 limousine, or taxicab vehicles to a business operating such vehicle.

7 (2) In determining the basis under this section, the department
8 must consider:

9 (a) The unique economic structures of the taxicab, for hire
10 vehicle, and limousine industries;

11 (b) The difficulty of equitably assessing industrial insurance
12 premiums on classes of businesses that utilize both employer/employee
13 and independent contractor business models;

14 (c) The economic impact on businesses of a rate and assessment
15 alternative, such as a flat rate and assessment levied on a per vehicle
16 or a miles driven basis, compared to that of an assessment based on
17 hours worked;

18 (d) The department's costs and efficiency of administration;

19 (e) The cost to businesses and covered workers; and

20 (f) Anticipated effectiveness in implementing mandatory industrial
21 insurance coverage of for hire vehicle operators as provided in section
22 2 of this act.

23 NEW SECTION. **Sec. 4.** A new section is added to chapter 51.12 RCW
24 to read as follows:

25 (1) In order to assist the department with controlling costs
26 related to the self-monitoring of industrial insurance claims by
27 independent owner-operated for hire vehicle, limousine, and taxicab
28 businesses, the department may appoint a panel of individuals with for
29 hire vehicle, limousine, or taxicab transportation industry experience
30 and expertise to advise the department.

31 (2) The owner of any for hire, limousine, or taxicab vehicle
32 subject to mandatory industrial insurance pursuant to section 2 of this
33 act is eligible for inclusion in a retrospective rating program
34 authorized and established pursuant to chapter 51.18 RCW.

35 NEW SECTION. **Sec. 5.** A new section is added to chapter 46.72 RCW
36 to read as follows:

1 (1) A for hire vehicle certificate issued pursuant to this chapter
2 must be suspended or revoked and may not be renewed in the event of
3 failure to pay the mandatory for hire vehicle operator industrial
4 insurance premium as charged by the department of labor and industries
5 under sections 2 and 3 of this act.

6 (2)(a) A for hire vehicle and its operator must have evidence of
7 payment in good standing with the department of labor and industries of
8 the for hire vehicle operator industrial insurance premium, whenever
9 the for hire vehicle is operated on public streets and highways for
10 compensation.

11 (b) Failure to produce evidence of payment of the for hire vehicle
12 insurance premium upon demand by a law enforcement officer or other
13 government agent acting under the authority of this chapter is a civil
14 infraction punishable by a fine of not more than two hundred fifty
15 dollars per infraction separately upon both the for hire vehicle owner
16 and the for hire vehicle operator if they are not one and the same.

17 (3) For hire vehicle license suspension or revocation and the
18 administration thereof for failure to pay the mandatory industrial
19 insurance premium must be at the direction and expense of the
20 department of labor and industries.

21 (4) The department of labor and industries and the department of
22 licensing may adopt rules and enter into cooperative agreements to
23 implement this section.

24 NEW SECTION. **Sec. 6.** A new section is added to chapter 46.72A RCW
25 to read as follows:

26 (1) A business license and vehicle certificate issued pursuant to
27 RCW 46.72A.050 must be suspended or revoked and must not be renewed in
28 the event of failure to pay the mandatory for hire vehicle operator
29 industrial insurance premium as charged by the department of labor and
30 industries under sections 2 and 3 of this act.

31 (2)(a) A limousine and its chauffeur must have evidence of payment
32 in good standing with the department of labor and industries of the for
33 hire vehicle operator industrial insurance premium, whenever the
34 limousine is operated on public streets and highways for compensation.

35 (b) Failure to produce evidence of payment of the for hire vehicle
36 insurance premium upon demand by a law enforcement officer or other
37 government agent acting under the authority of this chapter is a civil

1 infraction punishable by a fine of not more than two hundred fifty
2 dollars per infraction separately upon both the limousine vehicle owner
3 and the limousine chauffeur if they are not one and the same.

4 (3) Business license and vehicle certificate suspension or
5 revocation and the administration thereof for failure to pay the
6 mandatory industrial insurance premium must be at the direction and
7 expense of the department of labor and industries.

8 (4) The department of labor and industries and the department of
9 licensing may adopt rules and enter into cooperative agreements to
10 implement this section.

11 NEW SECTION. **Sec. 7.** A new section is added to chapter 81.72 RCW
12 to read as follows:

13 (1) A license issued pursuant to this chapter must be suspended or
14 revoked and may not be renewed in the event of failure to pay the
15 mandatory for hire vehicle operator industrial insurance premium as
16 charged by the department of labor and industries under sections 2 and
17 3 of this act.

18 (2)(a) A taxicab vehicle and its operator must have evidence of
19 payment in good standing with the department of labor and industries of
20 the for hire vehicle operator industrial insurance premium, whenever
21 the taxicab vehicle is operated on public streets and highways for
22 compensation.

23 (b) Failure to produce evidence of payment of the for hire vehicle
24 insurance premium upon demand by a law enforcement officer or other
25 government agent acting under the authority of this chapter is a civil
26 infraction punishable by a fine of not more than two hundred fifty
27 dollars per infraction separately upon both the taxicab vehicle owner
28 and the taxicab vehicle operator if they are not one and the same.

29 (3) Taxicab vehicle license suspension or revocation and the
30 administration thereof for failure to pay the mandatory industrial
31 insurance premium must be at the direction and expense of the
32 department of labor and industries.

33 (4)(a) The department of labor and industries, the department of
34 licensing, cities, towns, counties, and port districts may enter into
35 cooperative agreements to implement this section.

36 (b) The department of licensing and the department of labor and
37 industries may adopt rules to implement this section.

1 (c) Cities, towns, counties, and port districts may take
2 legislative action to implement this section.

3 NEW SECTION. **Sec. 8.** A new section is added to chapter 81.72 RCW
4 to read as follows:

5 (1) Any city, town, county, or port district setting the rates
6 charged for taxicab services under this chapter must consider the
7 impact of mandatory industrial insurance on taxicab transportation
8 businesses in the calculation and setting of rates.

9 (2) Any business that as owner operates, or as owner or agent
10 leases, a licensed taxicab under this chapter to a for hire operator,
11 must make a reasonable effort to train such for hire operator in motor
12 vehicle operation and safety requirements, and monitor operator
13 compliance. Monitoring operator compliance may include, without
14 limitation, the use of vehicle operator monitoring cameras.

15 NEW SECTION. **Sec. 9.** Except for sections 3 and 8 of this act,
16 this act takes effect January 1, 2012.

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