

HOUSE BILL REPORT

HB 2710

As Reported By House Committee On:

Transportation

Title: An act relating to the liability account.

Brief Description: Crediting the liability account with interest earnings.

Sponsors: Representatives K. Schmidt and R. Fisher.

Brief History:

Committee Activity:

Transportation: 2/1/96 [DP].

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass. Signed by 26 members: Representatives K. Schmidt, Chairman; Benton, Vice Chairman; Mitchell, Vice Chairman; Skinner, Vice Chairman; R. Fisher, Ranking Minority Member; Hatfield, Assistant Ranking Minority Member; Backlund; Blanton; Brown; Buck; Cairnes; Chopp; Elliot; Hankins; Horn; Johnson; McMahan; Ogden; Patterson; Quall; Robertson; Romero; D. Schmidt; Scott; Sterk and Tokuda.

Staff: Brad Lovaas (786-7307).

Background: The state of Washington waived its right of sovereign immunity in 1963 and made all state agencies liable for damages resulting from their tortious conduct. In 1989, in response to concern over the increasing costs of tort liabilities, the Legislature created a tort liability self-insurance program, with a tort liability self-insurance account funded by premiums paid by state agencies.

The 1995-97 transportation budget eliminated \$6.0 million from the Department of Transportation's (DOT's) tort liability self-insurance appropriation. The budget contained a proviso requiring the DOT, the Department of General Administration (GA) and the Office of Financial Management (OFM) to do a study and jointly develop funding proposals for (a) participation by the DOT in the statewide liability self-insurance program (SIP) in fiscal year 97, and (b) alternative methods for funding the DOT's tort claim payments, if appropriate.

The report was finished in November 1995. Contained within the study recommendations is a proposal that legislation be introduced so that interest earnings to the liability account could be retained in the account.

Summary of Bill: This legislation implements a recommendation of a joint DOT, GA and OFM study of the self-insurance program that the interest earnings from the liability self-insurance account be retained within that account.

Appropriation: None.

Fiscal Note: Available.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: This bill will save approximately \$1.1 million in transportation funds per year.

Testimony Against: None.

Testified: Bill Henselman, Department of Transportation.