

HOUSE BILL REPORT

EHB 2015

As Amended by the Senate

Title: An act relating to restricting liability for harm caused by incorrectly calculated or interpreted dates associated with year 2000 date-changes processed by electronic computing devices.

Brief Description: Restricting liability for year 2000 date-change damages.

Sponsors: Representatives Radcliff, Wolfe, Lambert, Romero, DeBolt, Morris, Constantine, Ruderman, D. Schmidt, Crouse, Carrell, Poulsen, Miloscia and Rockefeller; by request of Department of General Administration and Department of Information Services.

Brief History:

Committee Activity:

Judiciary: 2/22/99 [DPA].

Floor Activity:

Passed House: 3/15/99, 88-8.

Senate Amended.

Passed Senate: 4/15/99, 44-4.

Brief Summary of Engrossed Bill

- Provides that the state is severally, not jointly, liable for damages arising from the year 2000 problem.
- Immunizes the state from the first \$100 of liability per claimant arising from the year 2000 problem.

HOUSE COMMITTEE ON JUDICIARY

Majority Report: Do pass as amended. Signed by 12 members: Representatives Carrell, Republican Co-Chair; Constantine, Democratic Co-Chair; Hurst, Democratic Vice Chair; Lambert, Republican Vice Chair; Cox; Dickerson; Esser; Kastama; Lantz; Lovick; McDonald and Schindler.

Staff: Jim Morishima (786-7191).

Background:

The Year 2000 Problem:

The year 2000 (Y2K) problem is caused by the practice of using two digits instead of four to represent years in computer programs and computer chips. This may cause some computers to mistake the year 2000 for the year 1900 which may cause the failure of many computer related services.

State agencies have been working to correct the Y2K problem since as early as 1993. However, due to the complexity of the problem, it is possible that some Y2K problems will nevertheless be experienced.

Joint and Several Liability:

In many cases where a plaintiff is injured, there is more than one defendant at fault. In such cases, the defendants will either be severally liable or jointly liable.

If the defendants are severally liable, each only pays for his or her share of the damages. For example, if defendants D and E cause \$100 worth of damage to the plaintiff, and D was 30 percent at fault and E was 70 percent at fault, D would pay \$30 and E would pay \$70.

If the defendants are jointly liable, they are each responsible for the total damage done to the plaintiff. In the example above, if D was somehow unavailable to be sued, E could be held liable for the entire \$100.

Summary of Bill:

In an action against a state agency for damages caused by the Y2K problem, the state agency is severally liable only. The agency is also immune from liability for the first \$100 of damages per claimant. This does not apply to any action for damages arising from bodily personal injury, to wrongful death and survival actions, to actions for the injury or death of a child, or to actions arising after December 31, 2003. "Agency" is defined as any state or local government board, commission, bureau, committee, department, institution, division, or tribunal in the legislative, executive, or judicial branch.

EFFECT OF SENATE AMENDMENT(S): In addition to agencies, the Y2K liability of public service providers is several, not joint. "Public service providers"

includes municipal electric or gas utilities, electric public utility districts, electrical companies, gas companies, electric cooperative utilities, and electric mutual utilities. The \$100 exemption from liability does not apply to public service providers.

It is an affirmative defense to any claim based on a contract, a default, a failure to pay, a breach, or an omission, that such a claim was caused, in whole or in part, by a Y2K failure associated with an electronic computing device if the person was otherwise able to satisfy the obligation. If the affirmative defense is established, the person making the claim may not reassert the claim for 30 days from the date the cause of action was dismissed by the court. The underlying obligation is not otherwise affected by the dismissal.

A person who has established an affirmative defense based on a Y2K failure has the right to dispute with a credit agency any item of information relating to the Y2K failure, including the placement of a statement in the individual's consumer file.

An insurer must reinstate a canceled policy, without penalties or interest, if the insured: 1) provides notice to the insurer of the Y2K failure associated with a computing device not under the insured's control within 10 days of the effective date of the cancellation; 2) establishes that but for the Y2K failure, the insured would have been able to make the payment; and 3) makes a premium payment to make the policy current no later than 10 days after the Y2K problem has been corrected or reasonably should have been corrected. The insurer does not have to reinstate the policy if the cancellation is unrelated to a Y2K problem or if the default occurred before any disruption of financial or data transfer operations attributable to a Y2K failure.

No interest or penalties may be imposed on any employer for failure to pay Labor and Industries premiums if: 1) the failure was caused by a Y2K failure; 2) the employer was otherwise able to pay; and 3) payment occurred within 30 days after the Y2K was fixed or reasonably should have been fixed. No interest or penalties may be imposed on any individual or small business for failure to pay property or state excise taxes if: 1) the failure was caused by a Y2K failure; 2) the individual or small business was otherwise able to pay; and 3) payment occurred within 30 days after the Y2K was fixed or reasonably should have been fixed.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: (Original bill) Both the federal and state governments have expended a great deal of resources to combat the Y2K problem. However, there is no guarantee that problems associated with the date change will not be experienced. The

state should be held responsible for its share in the blame for any Y2K problems that may be experienced, but state funds should be protected to the extent that the state is not responsible. The portion of the bill exempting state agencies from the first \$100 of liability is a good start in addressing liability concerns.

Testimony Against: None.

Testified: Steve Kolodney, Department of Information Services; Marsha Tadano Long, Department of General Administration; Victoria Lincoln, Association of Washington Cities; and Gina Seal, Y2K consultant.