

FINAL BILL REPORT

ESHB 1367

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Synopsis as Enacted

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

Sponsors: House Committee on Labor & Workforce Development (originally sponsored by Representatives Green, Moeller, Rolfes, Hasegawa, Pettigrew, Sells, Ryu, Appleton, Hunt, Seaquist, Miloscia, Ormsby and Roberts).

House Committee on Labor & Workforce Development
Senate Committee on Labor, Commerce & Consumer Protection

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. Most business owners are exempt but may elect coverage.

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

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.

For Hire Vehicles.

For hire vehicle (includes taxicabs) owners must obtain a vehicle certificate 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.

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.

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.

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.

Summary:

Industrial Insurance.

Certain for hire businesses and operators of for hire vehicles are within mandatory industrial insurance coverage. Businesses are those that own and operate, or own and lease: a for hire vehicle (includes taxicabs) licensed by the state, a limousine, or a taxicab licensed by a local jurisdiction. Persons who operate these vehicles for the purpose of carrying persons for compensation and chauffeurs are covered persons.

The Department of Labor and Industries (L&I) must determine by rule, the basis for premiums for these businesses. The L&I must consider: (1) the unique economic structures of the taxicab, for hire vehicle, and limousine industries; (2) the difficulty of equitably assessing premiums on classes of businesses that use both employer/employee and independent contractor business models; (3) the economic impact on businesses of a rate and assessment alternative, such as a flat rate and per vehicle or miles driven basis, compared to an hours worked basis; (4) the L&I's costs and efficiency of administration; (5) the cost to businesses and covered workers; and (6) the anticipated effectiveness in implementing mandatory industrial insurance of for hire vehicle operators. The L&I may appoint 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 retro program.

A for hire vehicle certificate, a limousine business license and vehicle certificate, and a local taxicab license must be suspended or revoked, and may not be renewed, if industrial insurance premiums are not paid. Suspension and revocation for failure to pay premiums must be at the direction and expense of the L&I. The DOL and the L&I may adopt rules and enter into cooperative agreements to implement this provision. With respect to local taxicab regulation, local jurisdictions may also enter cooperative agreements with the DOL and the L&I.

A for hire vehicle, limousine, locally regulated taxicab, and its operator (or chauffer, in the case of a limousine) must have evidence of good standing regarding 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.

A local jurisdiction setting rates charged for taxicab services must adjust the rates to accommodate changes in the cost of industrial insurance or other industry-wide costs. An owner of a taxicab licensed by a local jurisdiction that leases the taxicab to an operator must make a reasonable effort to train the operator in motor vehicle operation and safety requirements, and to monitor operator compliance, which may include the use of operator monitoring cameras.

Votes on Final Passage:

House	96	0	
Senate	39	8	(Senate amended)
House	95	1	(House concurred)

Effective: January 1, 2012
July 22, 2011 (Section 3)