
Labor Committee

HB 1821

Brief Description: Addressing industrial insurance requirements and options for owners and lessees of for hire vehicles, limousines, and taxicabs.

Sponsors: Representatives Sullivan, Manweller, Condotta, Orwall, Blake, Fitzgibbon and Gregerson.

<p style="text-align: center;">Brief Summary of Bill</p> <ul style="list-style-type: none">• Exempts operators of for-hire-vehicles, limousines, and taxicabs who own or lease the vehicle from mandatory industrial insurance, and allows elective coverage.
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Hearing Date: 2/10/15

Staff: Joan Elgee (786-7106).

Background:

Most workers in the state are covered by mandatory industrial insurance. Independent contractors who meet certain tests, however, are not covered. Whether or not a worker is an independent contractor is established by a case-by-case determination. Elective coverage is available for workers who are not mandatorily covered.

For-hire vehicle businesses must obtain a certificate for each vehicle from the Department of Licensing (DOL). A for-hire vehicle is a vehicle used to transport people for compensation and includes taxicabs. Businesses must also obtain a permit, except for taxicab businesses licensed by a city, county, or port district. In addition to licensing, local jurisdictions may regulate rates charged for services and otherwise regulate taxicabs. At least one jurisdiction (Seattle) regulates lease rates. Limousine carriers must obtain a license from the DOL and a certificate for each vehicle and limousine drivers (chauffeurs) must meet certain criteria.

In 2011 legislation was enacted addressing industrial insurance for operators of for-hire vehicles, limousines, and taxicabs regulated by local jurisdictions. All operators, including owner

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operators of for-hire vehicles, limousines, and locally regulated taxicabs are covered and the owner of the vehicle is responsible for the premiums. Under a Department of Labor and Industries (L&I) rule, owners may report premiums on a per vehicle, per driver, or actual hours basis. Vehicle owners are eligible for inclusion in a retrospective rating (retro) program. The retro program allows employers 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. The legislation also authorized the L&I to appoint an advisory panel to assist the L&I with controlling costs related to the self-monitoring of claims.

If premiums are not paid, certain business licenses and vehicle certificates are suspended or revoked. Failure to produce evidence of payment of the premium on demand of a law enforcement officer is a civil infraction for the owner and operator. The legislation also specifically addressed locally regulated taxicabs. Local jurisdictions setting rates for taxicab services must adjust rates to accommodate changes in the cost of industrial insurance or in other industry-wide costs. Owners of locally regulated taxicabs who lease the vehicle must make a reasonable effort to train drivers in vehicle operation and safety, and to monitor compliance, including by cameras.

Summary of Bill:

Operators of for-hire vehicles, limousines, and taxicabs who own or lease the vehicle are exempt from mandatory industrial insurance, but may elect coverage. Provisions relating to mandatory coverage and penalties for failure to pay premiums are repealed. The authority for the L&I to have an advisory panel is retained but the reference to controlling costs is deleted. Lessees, in addition to owners, are eligible for inclusion in a retro program.

Local jurisdictions setting rates for taxicab services must adjust rates to accommodate increases or decreases, rather than changes, in the cost of industrial insurance. The reference to "other industry-wide costs" is removed. In addition, local jurisdictions that regulate lease rates must also adjust rates to accommodate increases or decreases in the cost of industrial insurance. Changes in lease rates take effect upon entry into a new lease. Both rates for taxicab services and lease rates must be adjusted by September 1, 2015, and at least every two years thereafter.

Appropriation: None.

Fiscal Note: Requested on February 3, 2015.

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