

# HOUSE BILL REPORT

## HB 2441

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### As Reported by House Committee On: Labor & Workplace Standards

**Title:** An act relating to the social security offset to disability compensation.

**Brief Description:** Restricting the social security offset to disability compensation.

**Sponsors:** Representatives Kirby, Sells and S. Hunt.

#### **Brief History:**

##### **Committee Activity:**

Labor & Workplace Standards: 1/21/16, 1/26/16 [DPS].

#### **Brief Summary of Substitute Bill**

- Eliminates the Social Security retirement offset for injured workers who either were receiving or had applied to receive Social Security benefits before being injured.

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### HOUSE COMMITTEE ON LABOR & WORKPLACE STANDARDS

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 5 members: Representatives Sells, Chair; Gregerson, Vice Chair; Manweller, Ranking Minority Member; Moeller and Ormsby.

**Minority Report:** Do not pass. Signed by 2 members: Representatives G. Hunt, Assistant Ranking Minority Member; McCabe.

**Staff:** Joan Elgee (786-7106).

#### **Background:**

Under the state's industrial insurance laws, injured workers are entitled to various benefits. Temporary time-loss benefits provide partial wage replacement for the time period in which a worker is totally disabled. If a worker becomes totally permanently disabled or suffers specified catastrophic injuries, the worker is entitled to total permanent disability benefits, also referred to as a pension.

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*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.*

Federal and state laws address the coordination of benefits under Social Security disability benefits and industrial insurance. Federal law limits the combined total of Social Security disability and industrial insurance benefits to 80 percent of the worker's average current earnings before disability. In 1986 legislation was enacted requiring an offset of Social Security retirement benefits. The offset formula is very similar to the formula for combined Social Security disability and industrial insurance benefits.

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**Summary of Substitute Bill:**

The Social Security retirement offset from industrial insurance benefits does not apply to workers who either were receiving or had applied to receive Social Security retirement benefits before being injured. The change applies to future claims, that is, those of workers with dates of injury on or after the effective date.

**Substitute Bill Compared to Original Bill:**

The substitute bill adds the provision applying the change to future claims.

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**Appropriation:** None.

**Fiscal Note:** Available.

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

**Staff Summary of Public Testimony:**

(In support, substitute bill) This bill has been watered down from the many previous bills on Social Security offset. People return to work or stay in the workforce to supplement their Social Security income. If they get hurt they do not receive time-loss or pension benefits. The offset can be cruel. People who work are entitled to the benefits no matter how old they are. This is a basic fairness issue.

(Opposed) None.

(Other) The bill should be amended to apply to workers who have already been injured.

**Persons Testifying:** (In support, substitute bill) Representative Kirby, prime sponsor; and Joe Kendo, Washington State Labor Council.

(Other) Dustin Dailey, Washington State Association for Justice.

**Persons Signed In To Testify But Not Testifying:** None.