

FINAL BILL REPORT

EHB 1244

C 34 L 91

Synopsis As Enacted

Brief Description: Requiring a study by the legislative budget committee of employer avoidance of industrial insurance premiums and unemployment compensation contributions.

By Representatives Heavey, Cole, R. King, Winsley, Jones, Prentice, O'Brien, R. Meyers, Ebersole and Rasmussen.

House Committee on Commerce & Labor
Senate Committee on Commerce & Labor

Background: Both unemployment insurance and industrial insurance law exempt certain construction and electrical contractors from mandatory coverage.

Under unemployment insurance provisions, "employment" does not include services performed by a registered contractor if (1) the contractor is performing work for another registered contractor; (2) the contractor has a principal place of business that is eligible for federal tax deductions as a business; (3) the contractor maintains a separate set of books for the business; (4) the work being performed is contractor work; and (5) the contractor's work is not supervised or controlled by any other contractor.

The exemption of a registered contractor from the definition of "worker" for purposes of industrial insurance coverage is substantially the same as the exclusion under unemployment insurance law.

Summary: The Employment Security Department and the Department of Labor and Industries are directed to investigate the practice by some construction contractors of avoiding employer obligations under industrial insurance and unemployment insurance by requiring employees to be registered contractors. A report on the extent of the practice and the loss of revenue to the State, and any recommendations, must be submitted to the Legislature by December 1, 1991.

Votes on Final Passage:

House	97	0
Senate	41	0

Effective: July 28, 1991