
SUBSTITUTE SENATE BILL 5837

State of Washington

52nd Legislature

1991 Regular Session

By Senate Committee on Commerce & Labor (originally sponsored by Senators Anderson, Owen, Snyder and Matson).

Read first time March 6, 1991.

1 AN ACT Relating to employment; amending RCW 51.08.070, 51.08.180,
2 51.12.020, 51.12.100, 51.12.110, and 50.04.140; adding a new section to
3 chapter 51.08 RCW; and repealing RCW 51.12.115.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 51.08 RCW
6 to read as follows:

7 (1) "Employment," subject only to the provisions of this title,
8 means personal service, of whatever nature, unlimited by the
9 relationship of master and servant as known to the common law or any
10 other legal relationship, including service in interstate commerce,
11 performed for wages or under contract calling for the performance of
12 personal services, written or oral, express or implied.

13 Except as expressly provided in this title, personal services are
14 considered employment by the employer if the personal services are
15 performed for an employing unit by one or more contractors or

1 subcontractors, acting individually or as a partnership, and do not
2 meet the provisions of subsection (2) of this section. However, the
3 contractor or subcontractor is an employer under this title with
4 respect to personal services performed by individuals for the
5 contractor or subcontractor.

6 (2) Services performed by an individual in the course of employment
7 by an employer under this title, whether by way of manual labor or
8 otherwise, including all services performed by an individual for
9 remuneration constitute employment unless and until it is shown to the
10 satisfaction of the department that:

11 (a) The individual has been and will continue to be free from
12 control or direction over the performance of the service, both under
13 the contract of service and in fact; and

14 (b) The service is either outside the usual course of business for
15 which the service is performed, or the service is performed outside all
16 of the places of business of the enterprise for which the service is
17 performed; and

18 (c) The individual is customarily engaged in an independently
19 established trade, occupation, profession, or business, of the same
20 nature as that involved in the contract of service, or the individual
21 has a principal place of business for the business the individual is
22 conducting that is eligible for a business deduction for federal income
23 tax purposes; and

24 (d) The individual is filing a schedule of expenses with the
25 internal revenue service for the type of business the individual is
26 conducting; and

27 (e) The individual has established an account with the department
28 of revenue, and other state agencies as required by the particular
29 case, for the business the individual is conducting for the payment of
30 all state taxes normally paid by employers and businesses and has

1 registered for and received a unified business identifier number from
2 the state of Washington; and

3 (f) The individual maintains a separate set of books or records
4 that reflect all items of income and expenses of the business which the
5 individual is conducting.

6 **Sec. 2.** RCW 51.08.070 and 1981 c 128 s 1 are each amended to read
7 as follows:

8 "Employer" means any person, body of persons, corporate or
9 otherwise, and the legal representatives of a deceased employer, all
10 while engaged in this state in any work covered by the provisions of
11 this title, by way of trade or business, or who contracts (~~with one or~~
12 ~~more workers, the essence of which is the personal labor of such worker~~
13 ~~or workers~~) or agrees to remunerate the services performed by an
14 individual, as provided in section 1 of this act.

15 For the purposes of this title, a contractor registered under
16 chapter 18.27 RCW or licensed under chapter 19.28 RCW is not an
17 employer when:

18 (1) Contracting with any other person, firm, or corporation
19 currently engaging in a business which is, at the time of signature of
20 the contract and during all periods of performance, registered under
21 chapter 18.27 RCW or licensed under chapter 19.28 RCW;

22 (2) The person, firm, or corporation has a principal place of
23 business which would be eligible for a business deduction for internal
24 revenue service tax purposes other than that furnished by the
25 contractor for which the business has contracted to furnish services;

26 (3) The person, firm, or corporation maintains a separate set of
27 books or records that reflect all items of income and expenses of the
28 business; and

1 (4) The work which the person, firm, or corporation has contracted
2 to perform is:

3 (a) The work of a contractor as defined in RCW 18.27.010; or

4 (b) The work of installing wires or equipment to convey electric
5 current or installing apparatus to be operated by such current as it
6 pertains to the electrical industry as described in chapter 19.28 RCW.

7 **Sec. 3.** RCW 51.08.180 and 1987 c 175 s 3 are each amended to read
8 as follows:

9 (1) "Worker" means every person in this state who is engaged in the
10 employment of an employer under this title, whether by way of manual
11 labor or otherwise in the course of his or her employment; (~~also every~~
12 ~~person in this state who is engaged in the employment of or who is~~
13 ~~working under an independent contract, the essence of which is his or~~
14 ~~her personal labor for an employer under this title, whether by way of~~
15 ~~manual labor or otherwise, in the course of his or her employment)) and
16 includes all individuals who, for remuneration, perform any services,
17 as provided in section 1 of this act, for any person, body of persons,
18 corporate or otherwise, or the legal representative thereof: PROVIDED,
19 That a person is not a worker for the purpose of this title, with
20 respect to his or her activities attendant to operating a truck which
21 he or she owns, and which is leased to a common or contract carrier.~~

22 (2) For the purposes of this title, any person, firm, or
23 corporation currently engaging in a business which is registered under
24 chapter 18.27 RCW or licensed under chapter 19.28 RCW is not a worker
25 when:

26 (a) Contracting to perform (~~work~~) services for any other
27 contractor registered under chapter 18.27 RCW or licensed under chapter
28 19.28 RCW;

1 (b) The person, firm, or corporation has a principal place of
2 business which would be eligible for a business deduction for internal
3 revenue service tax purposes other than that furnished by the
4 contractor for which the business has contracted to furnish services;

5 (c) The person, firm, or corporation maintains a separate set of
6 books or records that reflect all items of income and expenses of the
7 business; and

8 (d) The ~~((work))~~ service which the person, firm, or corporation has
9 contracted to perform is:

10 (i) The work of a contractor as defined in RCW 18.27.010; or

11 (ii) The work of installing wires or equipment to convey electric
12 current or installing apparatus to be operated by such current as it
13 pertains to the electrical industry as described in chapter 19.28 RCW.

14 (3) Any person, firm, or corporation registered under chapter 18.27
15 RCW or licensed under chapter 19.28 RCW including those performing
16 ~~((work))~~ services for any contractor registered under chapter 18.27 RCW
17 or licensed under chapter 19.28 RCW is a worker when the contractor
18 ~~((supervises))~~ directs or controls, under the contract or in fact, the
19 means by which the result is accomplished or the manner in which the
20 ~~((work))~~ service is performed.

21 (4) For the purposes of this title, any person participating as a
22 driver or back-up driver in commuter ride sharing, as defined in RCW
23 46.74.010(1), is not a worker while driving a ride-sharing vehicle on
24 behalf of the owner or lessee of the vehicle.

25 **Sec. 4.** RCW 51.12.020 and 1987 c 316 s 2 are each amended to read
26 as follows:

27 The following are the only employments which shall not be included
28 within the mandatory coverage of this title:

1 (1) Any person employed as a domestic servant in a private home by
2 an employer who has less than two employees regularly employed forty or
3 more hours a week in such employment.

4 (2) Any person employed to do gardening, maintenance, repair,
5 remodeling, or similar work in or about the private home of the
6 employer.

7 (3) A person whose employment is not in the course of the trade,
8 business, or profession of his or her employer and is not in or about
9 the private home of the employer.

10 (4) Any person performing services in return for aid or sustenance
11 only, received from any religious or charitable organization.

12 (5) Sole proprietors or partners(~~(: PROVIDED, That after July 26,~~
13 ~~1981, sole proprietors or partners who for the first time register~~
14 ~~under chapter 18.27 RCW or become licensed for the first time under~~
15 ~~chapter 19.28 RCW shall be included under the mandatory coverage~~
16 ~~provisions of this title subject to the provisions of RCW 51.32.030.~~
17 ~~These persons may elect to withdraw from coverage under RCW~~
18 ~~51.12.115)).~~

19 (6) Any child under eighteen years of age employed by his parent or
20 parents in agricultural activities on the family farm.

21 (7) Jockeys while participating in or preparing horses for race
22 meets licensed by the Washington horse racing commission pursuant to
23 chapter 67.16 RCW.

24 (8) Any officer of a corporation elected and empowered in
25 accordance with the articles of incorporation or bylaws of a
26 corporation who at all times during the period involved is also a
27 director and shareholder of the corporation.

28 However, any corporation may elect to cover such officers who are
29 in fact employees of the corporation in the manner provided by RCW
30 51.12.110.

1 (9) Services rendered by a musician or entertainer under a contract
2 with a purchaser of the services, for a specific engagement or
3 engagements when such musician or entertainer performs no other duties
4 for the purchaser and is not regularly and continuously employed by the
5 purchaser. A purchaser does not include the leader of a group or
6 recognized entity who employs other than on a casual basis musicians or
7 entertainers.

8 **Sec. 5.** RCW 51.12.100 and 1988 c 271 s 2 are each amended to read
9 as follows:

10 (1) The provisions of this title shall not apply to a master or
11 member of a crew of any vessel, or to employers and workers for whom a
12 right or obligation exists under the maritime laws or federal
13 employees' compensation act for personal injuries or death of such
14 workers.

15 (2) If an accurate segregation of payrolls of workers for whom such
16 a right or obligation exists under the maritime laws cannot be made by
17 the employer, the director is hereby authorized and directed to fix
18 from time to time a basis for the approximate segregation of the
19 payrolls of employees to cover the part of their work for which no
20 right or obligation exists under the maritime laws for injuries or
21 death occurring in such work, and the employer, if not a self-insurer,
22 shall pay premiums on that basis for the time such workers are engaged
23 in their work.

24 (3) Where two or more employers are simultaneously engaged in a
25 common enterprise at one and the same site or place in maritime
26 occupations under circumstances in which no right or obligation exists
27 under the maritime laws for personal injuries or death of such workers,
28 such site or place shall be deemed for the purposes of this title to be
29 the common plant of such employers.

1 (4) In the event payments are made under this title prior to the
2 final determination under the maritime laws or federal employees'
3 compensation act, such benefits shall be repaid by the worker or
4 beneficiary if recovery is subsequently made under the maritime laws or
5 federal employees' compensation act.

6 **Sec. 6.** RCW 51.12.110 and 1982 c 63 s 17 are each amended to read
7 as follows:

8 Any employer who has in his or her employment any person or persons
9 excluded from mandatory coverage pursuant to RCW 51.12.020 (~~((1), (2),~~
10 ~~(3), (4), (6), (7), (8), or (9))~~) may file notice in writing with the
11 director, on such forms as the department may provide, of his or her
12 election to make such persons otherwise excluded subject to this title.
13 The employer shall forthwith display in a conspicuous manner about his
14 or her works, and in a sufficient number of places to reasonably inform
15 his or her workers of the fact, printed notices furnished by the
16 department stating that he or she has so elected. Said election shall
17 become effective upon the filing of said notice in writing. The
18 employer and his or her workers shall be subject to all the provisions
19 of this title and entitled to all of the benefits thereof: PROVIDED,
20 That those who have heretofore complied with the foregoing conditions
21 and are carried and considered by the department as within the purview
22 of this title shall be deemed and considered as having fully complied
23 with its terms and shall be continued by the department as entitled to
24 all of the benefits and subject to all of the liabilities without other
25 or further action. Any employer who has complied with this section may
26 withdraw his or her acceptance of liability under this title by filing
27 written notice with the director of the withdrawal of his or her
28 acceptance. Such withdrawal shall become effective thirty days after
29 the filing of such notice or on the date of the termination of the

1 security for payment of compensation, whichever last occurs. The
2 employer shall, at least thirty days before the effective date of the
3 withdrawal, post reasonable notice of such withdrawal where the
4 affected worker or workers work and shall otherwise notify personally
5 the affected workers. Withdrawal of acceptance of this title shall not
6 affect the liability of the department or self-insurer for compensation
7 for any injury occurring during the period of acceptance.

8 The department shall have the power to cancel the elective adoption
9 coverage if any required payments or reports have not been made.
10 Cancellation by the department shall be no later than thirty days from
11 the date of notice in writing by the department advising of
12 cancellation being made.

13 **Sec. 7.** RCW 50.04.140 and 1945 c 35 s 15 are each amended to read
14 as follows:

15 Services performed by an individual for remuneration shall be
16 deemed to be employment subject to this title unless and until it is
17 shown to the satisfaction of the commissioner that

18 (1) such individual has been and will continue to be free from
19 control or direction over the performance of such service, both under
20 his contract of service and in fact; and

21 (2) such service is either outside the usual course of business for
22 which such service is performed, or that such service is performed
23 outside of all the places of business of the enterprises for which such
24 service is performed; and

25 (3) such individual is customarily engaged in an independently
26 established trade, occupation, profession, or business, of the same
27 nature as that involved in the contract of service or such individual
28 has a principal place of business for the work the individual is

1 conducting that is eligible for a business deduction for federal income
2 tax purposes; and

3 (4) such individual is filing a schedule of expenses with the
4 internal revenue service for the type of business the individual is
5 conducting; and

6 (5) such individual has established an account with the department
7 of revenue, and other state agencies as required by the particular
8 case, for the business the individual is conducting for the payment of
9 all state taxes normally paid by employers and businesses and has
10 registered for and received a unified business identifier number from
11 the state of Washington; and

12 (6) such individual maintains a separate set of books or records
13 that reflect all items of income and expenses of the business which the
14 individual is conducting.

15 NEW SECTION. Sec. 8. RCW 51.12.115 and 1981 c 128 s 5 are
16 each repealed.