

HOUSE BILL ANALYSIS

HB 1987

Brief Description: Exempting housekeepers referred by licensed employment agencies from unemployment compensation and industrial insurance coverage.

Sponsors: Representatives Honeyford, McMorris, Boldt, and Clements

Hearing: February 26, 1997

BACKGROUND:

Most employers must cover their workers for both unemployment insurance and industrial insurance. However, persons are not considered covered workers if they meet specific statutory tests as "independent contractors." In addition, some domestic services are not covered:

- (1) For unemployment insurance, domestic services performed in a private home are not covered unless performed for a person who paid \$1,000 or more in domestic services in a calendar quarter in the current or previous year.
- (2) For industrial insurance, domestic service in a private home is not covered if the person is employed by an employer who has less than two employees regularly employed forty hours or more a week in domestic employment. In 1995, the Washington Court of Appeals held that this exemption does not apply to commercial entities that contract with numerous house cleaners to clean many different private homes. In that case, involving work that was performed before 1989, the court found that the housekeepers were working under an independent contracts for a housekeeping business, but were covered because the essence of their contracts was personal labor for the business. In 1991, the legislature enacted new criteria for determining the "independent contractor" exemption as an alternative to the "personal labor" test.

Employment agencies are required to be licensed by the Department of Licensing. Entities subject to this requirement are businesses which derive income from a fee received from applicants and which engage in offering, procuring, or attempting to procure employment for applicants, in giving information regarding obtaining employment, or in selling lists of jobs or names of entities accepting job applications.

SUMMARY OF BILL:

Unemployment insurance coverage. Services performed by a housekeeper referred by a licensed employment agency are not covered for unemployment insurance unless the services are performed for a person who paid \$1,000 or more for domestic services in a calendar quarter in the current or previous year.

Industrial insurance coverage. The employment of a housekeeper referred by a licensed employment agency is not included within mandatory industrial insurance coverage.

RULES AUTHORITY: The bill does not contain provisions addressing the rule-making powers of an agency.

FISCAL NOTE: Not requested.

EFFECTIVE DATE: Ninety days after adjournment of session in which bill is passed.