

HOUSE BILL ANALYSIS

HB 1524

Brief Description: Expanding the workers' compensation obligation of out-of-state employers.

Sponsors: Doumit and Pennington

Hearing: February 10, 1999

Brief Summary of Bill

Expands authority under reciprocal agreements to require all out-of-state employers working in Washington to secure workers' compensation coverage in Washington if the employer's state law requires Washington employers to purchase coverage in the other state for that kind of work.

BACKGROUND:

The Washington industrial insurance law, with certain exemptions, covers all workers employed in Washington. However, a business from another state, other than a construction contractor, is subject to penalties for failure to comply with Washington requirements only after one of its workers is injured while working in Washington.

Under legislation enacted in 1998, out-of-state contractors who are employing workers in Washington in work that requires the contractor to be registered or licensed, or prequalified on transportation projects, must provide workers' compensation coverage under Washington law by:

- insuring with the Department of Labor and Industries;
- being self-insured in Washington; or
- filing a certificate of coverage from the other state, if permitted by a reciprocal agreement with the contractor's state.

The industrial insurance law authorizes the Department of Labor and Industries to enter into reciprocal agreements with other states and provinces of Canada. These agreements govern

jurisdiction over claims that involve a contract of employment in one jurisdiction and an injury in another. In the 1998 legislation, the department's authority to enter into reciprocal agreements with other states was modified. If the other state's law requires Washington employers to be covered under the other state's workers' compensation law for work that in Washington would require the employer to be a registered contractor or a licensed electrical contractor, or be pre-qualified for transportation projects, then employers domiciled in that other state must purchase coverage in Washington when their workers are engaged in that kind of work in Washington.

The department has reciprocal agreements with Idaho, Montana, North Dakota, Nevada, Oregon, South Dakota, and Wyoming.

The 1998 legislation also required the Workers' Compensation Advisory Committee to review the new law and make recommendations by January 15, 1999. The study group recommended that changes be made in the provisions addressing reciprocal agreements.

SUMMARY OF BILL:

The authority of the Department of Labor and Industries to enter into industrial insurance reciprocal agreements with other states and provinces of Canada is modified. Under these agreements, all out-of-state employers, not just contractors, must secure workers' compensation coverage under Washington law while working in Washington if the other state's law requires Washington employers to purchase coverage for that kind of work in the other state.

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 a session in which bill is passed.