

SENATE BILL REPORT

SSB 5583

As of Third Reading, March 17, 1999

Title: An act relating to unfair practices with respect to eligibility for employment-based benefits.

Brief Description: Prohibiting employers from not providing benefits to employees.

Sponsors: Senate Committee on Labor & Workforce Development (originally sponsored by Senators Franklin, Fairley and Kline).

Brief History:

Committee Activity: Labor & Workforce Development: 2/4/99, 2/11/99 [DPS, DNPS]. Failed Senate, 3/17/99, 24-20.

SENATE COMMITTEE ON LABOR & WORKFORCE DEVELOPMENT

Majority Report: That Substitute Senate Bill No. 5583 be substituted therefor, and the substitute bill do pass.

Signed by Senators Fairley, Chair; Franklin, Vice Chair; Kline and Wojahn.

Minority Report: Do not pass substitute.

Signed by Senators Hochstatter and Oke.

Staff: Jill Reinmuth (786-7452)

Background: Under state laws and employer policies, part-time, temporary, leased, and other contingent workers are less likely than other workers to receive employment-based benefits. Employers may terminate employees, misclassify employees, limit contract terms, or take other action with the intent to avoid providing employment-based benefits.

Summary of Bill: It is an unfair practice for any employer to: (1) terminate any employee or limit the term of a contract with any employee with the intent to avoid providing employment-based benefits; (2) misclassify any employee with the intent to avoid providing employment-based benefits; (3) include any language in a contract with an employee that requires the employee to forego employment-based benefits; or (4) terminate or in any manner discriminate against an employee because the employee has filed an action alleging such an unfair practice.

Employment-based benefits— mean any benefits to which an employee is entitled under state laws or employer policies.

Any employee terminated or otherwise harmed by such an unfair practice has a civil action against the employer. A prevailing employee is awarded either six months' wages or treble the actual damages, whichever is greater. The prevailing employee is also awarded attorneys' fees and costs.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: The number of people who have health care coverage and pension coverage is declining. The costs of health care and pensions will fall on the backs of publicly-funded institutions. Making it an unfair practice for employers to terminate employees or limit contracts with employees with the intent to avoid providing employment-based benefits begins to address this problem.

Testimony Against: A new liability risk for employers who hire permanent employees is created. An incentive for employers to hire independent contractors rather than permanent employees is created. A double standard with regard to attorneys' fees is established. Employers would incur significant costs defending actions alleging such an unfair practice.

Testified: PRO: Robert Stern, Washington State Labor Council; CON: Clif Finch, Association of Washington Business; Gary Smith, Independent Business Association.