

SENATE BILL REPORT

SB 5721

As Reported By Senate Committee On:
Judiciary, February 24, 1999

Title: An act relating to workers' compensation coverage for a member or manager of a limited liability company.

Brief Description: Excluding a member or manager of a limited liability company from workers' compensation coverage.

Sponsors: Senators Heavey and McCaslin.

Brief History:

Committee Activity: Judiciary: 2/22/99, 2/24/99 [DPS].

SENATE COMMITTEE ON JUDICIARY

Majority Report: That Substitute Senate Bill No. 5721 be substituted therefor, and the substitute bill do pass.

Signed by Senators Heavey, Chair; Kline, Vice Chair; Costa, Hargrove, Long, McCaslin, Roach, Thibaudeau and Zarelli.

Staff: Penny Nerup (786-7484)

Background: Currently, various occupations are exempt from the provisions of workers' compensation. The following persons doing business in Washington State under various business structures are also exempt from the mandatory scope of workers' compensation: sole proprietors or partners, officers of a corporation who are also directors and shareholders, and officers of a corporation that is not a public company (may exempt up to eight persons).

Summary of Substitute Bill: Certain managers and members of a limited liability company are added to the list of persons doing business in Washington State who are exempt from workers' compensation coverage.

Substitute Bill Compared to Original Bill: The original bill would have allowed all members and managers of limited liability companies to be exempt from coverage under workers' compensation. The substitute bill provides this exemption only to specific managers and members.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: Adding managers and members of limited liability companies to this statute is a technical change. Some limited liability companies are labeling their employees "members" as a way to avoid paying their share of workers' compensation. The amendment, which is agreed upon by all the proponents, will identify specifically those managers and members who will be exempt from workers' compensation.

Testimony Against: None.

Testified: PRO: Doug Connell, Department of Labor and Industries (as amended); Robby Stern, WSLC (as amended); Michael Temple, WSTLA (as amended); Clif Finch, Association of Washington Business; Chris Cheney, Hop Growers of Washington; Kathleen Collins, WSIA.