

# HOUSE BILL REPORT

## SHB 3057

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### As Passed House:

February 16, 2004

**Title:** An act relating to conforming the social security offset provisions of Title 51 RCW to the modified federal social security retirement age.

**Brief Description:** Conforming the social security offset provisions of Title 51 RCW to the modified federal social security retirement age and continuing to allow the state to implement an offset otherwise imposed by the federal government.

**Sponsors:** By House Committee on Commerce & Labor (originally sponsored by Representatives Conway, Wood, McCoy, Kenney, Condotta and Chase; by request of Department of Labor & Industries).

### Brief History:

#### Committee Activity:

Commerce & Labor: 2/3/04, 2/5/04 [DPS].

#### Floor Activity:

Passed House: 2/16/04, 95-0.

### Brief Summary of Substitute Bill

- Requires a reduction in industrial insurance time-loss or pension benefits to account for social security disability benefits received by workers who become 65 years of age on or after the bill's effective date.

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## HOUSE COMMITTEE ON COMMERCE & LABOR

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Conway, Chair; Wood, Vice Chair; McMorris, Ranking Minority Member; Condotta, Assistant Ranking Minority Member; Crouse, Holmquist, Hudgins, Kenney and McCoy.

**Staff:** Chris Cordes (786-7103).

### Background:

In 1956 when the Congress enacted the federal social security disability program, it

included provisions to coordinate benefits received under more than one disability program. Social security disability benefits were reduced by the full amount of state or federal workers' compensation benefits that were also being paid to the individual. This offset provision was repealed in 1958, but reenacted again in 1965 after the Congress heard testimony that the duplication of disability benefits led to workers receiving more in disability payments than they had been receiving in take-home pay and that continuing the duplication of benefits might erode the states' workers' compensation programs.

The 1965 social security disability offset provisions include a "reverse offset" so that the benefit reduction may be taken by a state's workers' compensation program instead of by the federal disability program. Washington permitted this reverse offset beginning in 1975. When Washington's law was enacted, it applied to persons under age 62 who were receiving social security disability payments. In 1982 this limit was raised to age 65 after federal law changed the age limit for social security disability payments. In 1986, the Legislature required the reverse offset to continue for workers who had reached age 65 and were receiving both federal retirement benefits and time-loss or pension benefits. Under federal law, the age of retirement is no longer a predetermined age but depends instead on the year in which the individual attains a specified age.

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**Summary of Substitute Bill:**

The age limit of 65 years for the disability reverse offset provision is deleted. The Department must reduce industrial insurance time-loss or pensions benefits to account for social security disability benefits received by a worker who becomes 65 years of age on or after the bill's effective date.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.

**Testimony For:** It makes sense to continue the disability offset until the retirement offset begins.

**Testimony Against:** None.

**Persons Testifying:** Amber Balch Carter, Association of Washington Business.

**Persons Signed In To Testify But Not Testifying:** None.