

SENATE BILL REPORT

ESHB 1367

As Reported by Senate Committee On:
Labor, Commerce & Consumer Protection, March 22, 2011

Title: An act relating to for hire vehicles and for hire vehicle operators.

Brief Description: Concerning for hire vehicles and for hire vehicle operators.

Sponsors: House Committee on Labor & Workforce Development (originally sponsored by Representatives Green, Moeller, Rolfes, Hasegawa, Pettigrew, Sells, Ryu, Appleton, Hunt, Seaquist, Miloscia, Ormsby and Roberts).

Brief History: Passed House: 3/07/11, 96-0.

Committee Activity: Labor, Commerce & Consumer Protection: 3/21/11, 3/22/11 [DPA, w/oRec].

SENATE COMMITTEE ON LABOR, COMMERCE & CONSUMER PROTECTION

Majority Report: Do pass as amended.

Signed by Senators Kohl-Welles, Chair; Conway, Vice Chair; King, Assistant Ranking Minority Member; Keiser and Kline.

Minority Report: That it be referred without recommendation.

Signed by Senators Holmquist Newbry, Ranking Minority Member; Hewitt.

Staff: Mac Nicholson (786-7445)

Background: Industrial Insurance. Industrial insurance provides medical and non-medical benefits to workers injured in the course of their employment. Coverage is mandatory for most employers in the state, and is purchased through the Department of Labor and Industries (L&I). Employers meeting certain eligibility criteria can self-insure.

For Hire Vehicles. Generally any for hire operator must have a permit issued by the Department of Licensing (DOL) to operate a for hire vehicle on state highways. For hire vehicles include taxicabs and other vehicles used for the transportation of passengers for compensation, except for limousines. Local governments are also granted the authority to license, control, and regulate for hire vehicles operating within their jurisdictions. This regulatory authority includes the ability to set rates charged for providing transportation services.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Limousine carriers and chauffeurs are regulated through DOL in conjunction with the Washington State Patrol. With the exception of the Port of Seattle, local governments do not have the authority to regulate limousine carriers.

Summary of Bill (Recommended Amendments): Industrial Insurance. The following are subject to mandatory industrial insurance coverage:

- any business that owns and operates a for hire vehicle, limousine, or taxicab and the for hire operator or chauffeur of the vehicle; and
- any business that as owner or agent leases a for hire vehicle, limousine, or taxi to an operator or driver and the operator or chauffeur of the vehicle.

By January 1, 2012, L&I must determine by rule the basis for industrial insurance premiums, and assess the premiums within 90 days of making that determination. L&I may convene a panel of for hire vehicle, limousine, and taxicab transportation industry experts for advise. Owners of for hire vehicles may participate in a retrospective rating program.

For Hire Vehicles. A for hire license, limousine license, or a taxicab license must be suspended or revoked and may not be renewed for failure to report and pay industrial insurance premiums.

A for hire vehicle and its operator must have evidence of payment of the industrial insurance premium with DOL whenever the vehicle is operated on public streets and highways for compensation. Failure to produce evidence of industrial insurance payment upon demand by a law enforcement officer is a civil infraction punishable by up to a \$250 fine upon the vehicle owner and the vehicle operator, if different from the owner. L&I must direct, and pay for, license suspension or revocation, along with the administration costs, for failure to pay industrial insurance premiums.

Any local government that sets rates for taxicab services, for hire vehicles, or limousines must adjust rates to accommodate changes in the cost of industrial insurance or in other industry-wide costs. Taxi businesses must make a reasonable effort to train operators in vehicle operation and safety requirements, and may monitor operator compliance through the use of monitoring cameras.

EFFECT OF CHANGES MADE BY LABOR, COMMERCE & CONSUMER PROTECTION COMMITTEE (Recommended Amendments): The striking amendment directs local governments setting rates charged for taxi services to adjust the rates to accommodate changes in the cost of industrial insurance or other industry-wide costs. The underlying legislation directed the local government to consider adjusting rates to offset increased costs from industrial or other insurance coverage.

Appropriation: None.

Fiscal Note: Available.

[OFM requested ten-year cost projection pursuant to I-960.]

Committee/Commission/Task Force Created: No.

Effective Date: The bill contains several effective dates. Please refer to the bill.

Staff Summary of Public Testimony on Engrossed Substitute House Bill: PRO: This legislation will bring this group of workers into the workers compensation system. This is a long-standing industry-wide problem. It is a serious problem, and an amendment should be adopted so that costs of insurance can be passed through to motor vehicle operators. Owners would like to pass these costs along. Driving a for hire vehicle is a dangerous job, and this legislation will insure they have insurance coverage that will cover their injuries. Seattle already has rules in place to examine and adjust rates for industry-wide problems. This protects the driver from getting squeezed between lease rates and meter rates. This bill is good for the industry as a whole. This bill will bring some rogue operators under more control.

Persons Testifying: PRO: Representative Green, prime sponsor; Chris Van Dyk, BYG Taxi Cooperative Association; Denise Movius, City of Seattle; Steve Salins, Shuttle Express.