

SENATE BILL REPORT

SB 5498

As Reported by Senate Committee On:
Labor, Commerce & Consumer Protection, February 21, 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: Senators Kline, Shin, Conway, Rockefeller, Kohl-Welles, Keiser and Chase.

Brief History:

Committee Activity: Labor, Commerce & Consumer Protection: 2/10/11, 2/21/11 [DPS, w/oRec].

SENATE COMMITTEE ON LABOR, COMMERCE & CONSUMER PROTECTION

Majority Report: That Substitute Senate Bill No. 5498 be substituted therefor, and the substitute bill do pass.

Signed by Senators Kohl-Welles, Chair; Conway, Vice Chair; Keiser and Kline.

Minority Report: That it be referred without recommendation.

Signed by Senators Holmquist Newbry, Ranking Minority Member; King, Assistant 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.

A public utility tax is imposed on urban transportation businesses.

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

- any business that owns and operates a for hire vehicle, a limousine, or a 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 the public utility tax on urban transportation businesses or the industrial insurance premium.

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 consider the impact of industrial insurance on the businesses in the calculation and setting of rates. 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 Substitute): The substitute adds language clarifying application of the legislation and provides new language regarding L&I's development and implementation of the industrial insurance premium.

The substitute also removes language in the underlying bill that restricted the authority of local governments to set only consumer rates. The substitute adds language allowing taxi businesses to make reasonable efforts to train operators and to monitor operator compliance through the use of monitoring cameras.

Appropriation: None.

Fiscal Note: Available.

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

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony on Original Bill: PRO: This bill has been worked for three years. This bill is a lifeboat on a sinking ship. There is substitute language for the bill. This bill brings 7,000 to 10,000 operators into the workers compensation system at no cost to operators. The vehicle owners pay the premium; and the legislation will get rid of uncompensated health care and provide regulatory clarity that allows industry to pay the bill. This bill will help the industry and help the drivers. This legislation will clarify the status of chauffeurs with regard to L&I.

OTHER: There are a couple of concerns in the legislation, regarding the retro and calculation of premium provisions, and these concerns are addressed in substitute language being discussed. Sections 6 and 7 would limit the ability of local jurisdictions to regulate taxi businesses. Sections 6 and 7 would effectively repeal lease caps imposed by Seattle. Taxicab owners would resort to passing costs to operators and other exploitative lease practices that existed before Seattle passed an ordinance. Sections 6 and 7 are unrelated to industrial insurance and should be taken out.

Persons Testifying: PRO: Chris van Dyk, Richard Hirschberg, Abebe Tesfay, Lema Woldegeorgis, BYG Taxi Cooperative Association; Steve Salins, Shuttle Express.

OTHER: Denise Movias, City of Seattle; Carl Hammersburg, Department of Labor and Industries.