

SENATE BILL REPORT

SB 5586

As Reported by Senate Committee On:
Commerce & Labor, February 3, 2016

Title: An act relating to the social security offset to disability compensation.

Brief Description: Restricting the social security offset to disability compensation.

Sponsors: Senators Conway, Hasegawa, Keiser and Darneille.

Brief History:

Committee Activity: Commerce & Labor: 2/16/15, 2/03/16 [DPS, DNP].

SENATE COMMITTEE ON COMMERCE & LABOR

Majority Report: That Substitute Senate Bill No. 5586 be substituted therefor, and the substitute bill do pass.

Signed by Senators Baumgartner, Chair; Hasegawa, Ranking Minority Member; Conway, Keiser, King and Warnick.

Minority Report: Do not pass.

Signed by Senator Braun, Vice Chair.

Staff: Susan Jones (786-7404)

Background: Federal and state laws address the coordination of benefits under social security and industrial insurance. Federal law limits the combined total of social security disability and industrial insurance disability benefits to 80 percent of average current earnings before the worker's disability. Washington workers' compensation laws provide for an offset, or reduction of workers' compensation pension or time-loss benefits, if an individuals' combined benefit is over the 80 percent cap.

Washington workers' compensation laws also provide for an offset of pension and time-loss benefits by social security retirement benefits. The Department of Labor and Industries uses a formula that is very similar to the formula for combined social security disability and industrial insurance benefits to adjust the pension or time-loss benefits of a worker who is also receiving social security retirement benefits.

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.

Summary of Bill (Recommended Substitute): The pension and time-loss offset for social security retirement benefits does not apply to workers who were receiving or had applied to receive social security retirement benefits prior to the date of their injury.

The act applies to claims with dates of injury on or after the effective date.

EFFECT OF CHANGES MADE BY COMMERCE & LABOR COMMITTEE (Recommended Substitute): The act applies to claims with dates of injury on or after the effective date.

Appropriation: None.

Fiscal Note: Available.

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 is a simple bill and supports older workers who go back to work to supplement their social security income and unfortunately these workers, like many workers, sustain on-the-job injuries, which results in time-loss or disability pensions. Washington is the only state that makes a deduction as a result of earning social security from the workers compensation benefit. This bill provides wage replacement that other injured workers receive. This helps deal with the financial reality that led the workers to seek part-time work after retirement. This is in line with the workers' compensation statute. This is a complex area. This bill is not trying to unravel offsets and just applies to a narrow segment of workers.

Persons Testifying on Original Bill: PRO: Senator Steve Conway, prime sponsor; Joe Kendo, WA State Labor Council; Michael Temple, WA State Assn for Justice.

Persons Signed In To Testify But Not Testifying on Original Bill: No one.