

HOUSE BILL REPORT

SHB 1455

As Passed House:
February 24, 2021

Title: An act relating to the use of social security numbers by the department of labor and industries and the employment security department.

Brief Description: Concerning the use of social security numbers by the department of labor and industries and the employment security department.

Sponsors: House Committee on Labor & Workplace Standards (originally sponsored by Representatives Mosbrucker, Boehnke, Young, Sutherland and Jacobsen).

Brief History:

Committee Activity:

Labor & Workplace Standards: 2/9/21, 2/15/21 [DPS].

Floor Activity:

Passed House: 2/24/21, 96-0.

Brief Summary of Substitute Bill

- Requires the Employment Security Department and the Department of Labor and Industries to examine their practices of disclosing individuals' full Social Security numbers in agency correspondences with nongovernmental third parties, and to institute procedures to replace the use of full Social Security numbers.

HOUSE COMMITTEE ON LABOR & WORKPLACE STANDARDS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 7 members: Representatives Sells, Chair; Berry, Vice Chair; Hoff, Ranking Minority Member; Mosbrucker, Assistant Ranking Minority Member; Bronoske, Harris and Ortiz-Self.

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

Staff: Trudes Tango (786-7384).

Background:

For purposes of the unemployment insurance system, administered by the Employment Security Department (ESD), employers must report certain information about their employees, including Social Security numbers (SSNs), to the ESD. The ESD uses SSNs to, among other things, verify a person's employment and verify that unemployment insurance benefits are being charged to the appropriate employer.

The Department of Labor and Industries (L&I) also requires SSNs for certain purposes related to workers' compensation and prevailing wage requirements. For example, contractors on public works projects must provide certified payroll records to the L&I that include employee SSNs, as part of the L&I verification and investigation process into potential prevailing wage law violations.

Generally, both federal and state laws prohibit commercial entities and state and local governments from disclosing the SSNs of individuals, unless otherwise allowed by law. A person's SSN is also one of the pieces of information exempt from disclosure under the Public Records Act.

Summary of Substitute Bill:

The ESD and the L&I must examine their current practices that involve disclosing individuals' full SSNs of persons in agency correspondences with nongovernmental third parties. If disclosure is not required to comply with federal or state law, the agency must:

- institute procedures to replace the use of full SSNs with other forms of personal identifiers in its correspondence with nongovernmental third parties; and
- by July 1, 2023, cease disclosing full SSNs in its correspondence with nongovernmental third parties.

"Correspondence" refers to written communications and electronic mail and excludes financial transactions or communications sent through secured or encrypted methods.

"Nongovernmental third party" excludes subdivisions, agencies, and instrumentalities of government.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) Thousands of consumers have had their personal data breached and SSNs are some of the most personal data that needs to be protected. This bill asks government agencies to help protect constituents from identity theft.

(Opposed) None.

(Other) The bill goes in the right direction and aligns with agency best practices. Some of the terms in the bill can be interpreted too broadly. The bill would impact how the L&I shares information with banks that make payments to injured workers and with other entities that help the L&I collect debts. The bill would impact the Self-Insured Employer Program. The L&I needs more time to replace their processes. Consumer reporting agencies are already highly regulated by federal law regarding information sharing and should be exempted.

Persons Testifying: (In support) Representative Mosbrucker, prime sponsor.

(Other) Tammy Fellin, Department of Labor and Industries; and Cliff Webster, Consumer Data Industry Association.

Persons Signed In To Testify But Not Testifying: None.