
SENATE BILL 5789

State of Washington

63rd Legislature

2013 Regular Session

By Senators Sheldon and Schoesler

1 AN ACT Relating to contractor liability for industrial insurance
2 premiums; and amending RCW 51.12.070.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 51.12.070 and 2004 c 243 s 2 are each amended to read
5 as follows:

6 (1) The provisions of this title apply to all work done by
7 contract; the person, firm, or corporation who lets a contract for such
8 work is responsible primarily and directly for all premiums upon the
9 work. The contractor and any subcontractor are subject to the
10 provisions of this title and the person, firm, or corporation letting
11 the contract is entitled to collect from the contractor the full amount
12 payable in premiums and the contractor in turn is entitled to collect
13 from the subcontractor his or her proportionate amount of the payment.

14 (2) For the purposes of this section, a contractor (~~registered~~
15 ~~under chapter 18.27 RCW or licensed under chapter 19.28 RCW~~) is not
16 responsible for any premiums upon the work of any subcontractor if:

17 ~~((1) The subcontractor is currently engaging in a business which~~
18 ~~is registered under chapter 18.27 RCW or licensed under chapter 19.28~~
19 ~~RCW;~~

1 ~~(2)~~) (a) The subcontractor has a principal place of business which
2 would be eligible for a business deduction for internal revenue service
3 tax purposes other than that furnished by the contractor for which the
4 business has contracted to furnish services;

5 ~~((3))~~ (b) The subcontractor maintains a separate set of books or
6 records that reflect all items of income and expenses of the business;

7 ~~((4) The subcontractor has contracted to perform:~~

8 ~~(a) The work of a contractor as defined in RCW 18.27.010; or~~

9 ~~(b) The work of installing wires or equipment to convey electric
10 current or installing apparatus to be operated by such current as it
11 pertains to the electrical industry as described in chapter 19.28 RCW;
12 and~~

13 (5)) (c) The subcontractor has an industrial insurance account in
14 good standing with the department or is a self-insurer. For the
15 purposes of this subsection, a contractor may consider a
16 subcontractor's account to be in good standing if, within a year prior
17 to letting the contract or master service agreement, and at least once
18 a year thereafter, the contractor has verified with the department that
19 the account is in good standing and the contractor has not received
20 written notice from the department that the subcontractor's account
21 status has changed. Acceptable documentation of verification includes
22 a department document which includes an issued date or a dated printout
23 of information from the department's internet web site showing a
24 subcontractor's good standing. The department shall develop an
25 approach to provide contractors with verification of the date of
26 inquiries validating that the subcontractor's account is in good
27 standing.

28 (3) It is unlawful for any county, city, or town to issue a
29 construction building permit to any person who has not submitted to the
30 department an estimate of payroll and paid premium thereon as provided
31 by chapter 51.16 RCW of this title or proof of qualification as a self-
32 insurer.

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