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FISCAL IMPACT REPORT

SPONSOR: Rawson DATE TYPED: 02/18/01 HB _____
 SHORT TITLE: Amend Workers' Compensation Act SB 619
 ANALYST: Wilson

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY01	FY02	FY01	FY02		
	NFI				

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

Workers' Compensation Administration (WCA)

SUMMARY

Synopsis of Bill

HB 619 prohibits a contractor from requiring a subcontractor to obtain workers' compensation coverage from a specific insurer or under a specific policy as a condition before bidding on a job.

Significant Issues

HB 619 impacts the current practice by some general contractors or owners of using wrap-up policies on a project whereby all subcontractors come under the umbrella of the wrap-up policy and are instructed to exclude the cost of workers' compensation coverage from their bids. The general contractor or owners often realize a cost savings from the utilization of wrap-up policies. The subcontractor may be adversely affected because they may not be able to have their payroll attributable to a project on which a wrap-up policy is in effect excluded from premium calculations by their comp carrier.

TECHNICAL ISSUES

The WCA wrote the following:

HB 619 makes reference to both subcontractors and independent contractors. The distinction may prompt owner or general contractors to take steps to negate independent contractor status of their subs in order to avoid the effect of the legislation.

DW/ar