

Entity Type	Worker's Compensation	Unemployment Insurance	Prevailing Wage
<b>Sole Proprietorship</b>	RCW 51.12.020 excluded (owner and spouse). May elect coverage.	RCW 50.04.100 Employment defined as, " <u>Master and servant</u> as known to the common law or any other legal relationship, including service in interstate commerce, performed for wage." A sole proprietor doesn't meet the definition and is not reportable.  RCW 50.04.140 Employment does not include spouses and family members under the age of 18.	WAC 296-127-026 Exemptions for sole owners and their spouses, partnerships, corporations, and employees of public agencies.  The prevailing wage requirements of chapter 39.12 RCW do not apply to:  (1) Sole owners and their spouses.
<b>Partnerships</b>	RCW 51.12.020 partnerships excluded (partners and spouses). May elect coverage.  RCW 51.12.020 Except if management vested in its members. If management vested in one or more managers, those managers are exempt up to 8 managers.	RCW 50.04.100 Employment defined as, " <u>Master and servant</u> as known to the common law or any other legal relationship, including service in interstate commerce, performed for wage." A partner doesn't meet the definition and is not reportable.  If the business reports the spouse's wages as an expense to the IRS we treat the wages as taxable. If the business treats payments to the spouse as a division of profits either attributable to his/her separate estate or community property, we consider the payments non-taxable.	WAC 296-127-026  2) Any partner who owns at least thirty percent of a partnership.

Prepared for:

Joint Legislative Task Force on the Underground Economy in the Construction Industry  
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Washington State Department of Labor and Industries

		Children of partner's are reportable at any age except in husband and wife partnerships.	
<b>Corporate officers</b>	<p>RCW 51.12.020 Public corporation officers exempt if they are an officer, director and shareholder.</p> <p>RCW 51.12.020 Non public corporation may exempt up to 8 if an officer, director and shareholder. Exempt all who are related by blood within the third degree or by marriage.</p>	<p>Until 12/31/08 RCW 50.04.165 Corporate officers are not reportable unless they elect to cover officers. If the corporation elects to cover officers all officers are reportable.</p> <p>On 1/1/09 RCW 50.04.165 changes and all corporate officers, if the corporation has other reportable individuals, are covered or are reportable. Corporations may elect to not cover officers, some exclusions may apply.</p>	<p>WAC 296-127-026</p> <p>(3) The president, vice-president and treasurer of a corporation if each one owns at least thirty percent of the corporation.</p>

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