

Finance Committee

HB 2164

Brief Description: *Providing a tax credit for employers that comply with ergonomics rules.*

Sponsors: *Representatives Van Luven and Esser.*

Brief Summary of Bill

- *Allows employers a credit against the state business and occupation tax equal to the direct expenditures incurred to comply with the recently adopted L&I ergonomics rule.*

Hearing Date: *3/8/01*

Staff: *Rick Peterson (786-7150).*

Background:

The business and occupation tax (B&O) is imposed for the privilege of doing business in Washington. The tax is imposed on the gross receipts of all business activities (except utility activities) conducted within the state. B&O tax is deposited in the general fund.

Although there are several different rates the principal rates are: manufacturing/wholesaling - 0.484 percent; retailing - 0.471 percent; and services - 1.5 percent.

On May 26, 2000, the Washington Department of Labor and Industries adopted an ergonomics rule to reduce work-related musculoskeletal disorders (WMSDs). The rule requires employers to evaluate jobs and identify potential ergonomic risks, such as awkward heavy lifting, or highly repetitive motion. Employers must reduce employee exposure when these jobs are hazardous. Employers must provide basic ergonomics education for employees who work in or supervise "risky" jobs.

The implementation of the rule will be phased in over a period of years. Large high risk employers (over 50 employees) must have ergonomics awareness education and hazard

analysis completed by July 1, 2002 and hazard reduction completed by July 1, 2002. Smaller low risk employers (10 or fewer employees) have until July 1, 2005 to finish ergonomics awareness education and hazard analysis and until July 1, 2006 to complete hazard reduction.

Summary of Bill:

Employers are allowed a credit against the state business and occupation tax equal to the direct expenditures incurred to comply with the L&I ergonomics rule.

No credits may be taken for expenditures made after July 1, 2007.

Appropriation: *None.*

Fiscal Note: *Available.*

Effective Date: *The bill takes effect on August 1, 2001.*