
Commerce & Labor Committee

SB 6461

Brief Description: Requiring a report on workers' compensation premiums.

Sponsors: Senators Hewitt, Honeyford, Mulliken and Morton.

Brief Summary of Bill

- Requires the Department of Labor and Industries to report to the Legislature on the positive and negative aspects of using total payroll instead of hours worked as the basis for workers' compensation premiums.

Hearing Date: 2/18/04

Staff: Chris Cordes (786-7103).

Background:

The Department of Labor and Industries (Department) determines industrial insurance premiums and establishes the basis for paying the premiums. With a few exceptions, the basis for paying premiums is the hours worked by employees.

When enacted in 1911, the industrial insurance law required premiums to be paid based on total payroll. In 1933, however, the law was changed to require premiums to be paid on the hours that employees worked. In 1971, the requirement for making quarterly reports of hours worked was deleted from the law, leaving only the requirement for reporting quarterly payroll. This change also gave the Department authority to require the reporting of hours worked. A 1973 bill would have given express authority for the Department to change the basis of premiums from hours worked to total payroll, but the bill was not enacted.

Washington is the only state that bases the payment of workers' compensation premiums on hours worked instead of total payroll.

Summary of Bill:

By December 1, 2004, the Department must report to the appropriate legislative committees on the use of total employer payroll as the basis for workers' compensation premiums. The report must compare the use of hours worked with the use of total payroll and discuss the positive and negative aspects of each. In preparing the report, the Department must review how other states determine workers' compensation premiums.

Rules Authority: The bill does not contain provisions addressing the rule-making powers of an agency.

Appropriation: None.

Fiscal Note: Not requested.

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