

SENATE BILL REPORT

ESB 5675

As Amended by House, April 6, 2007

Title: An act relating to increasing minimum industrial insurance benefits.

Brief Description: Increasing minimum industrial insurance benefits.

Sponsors: Senators Franklin, Kohl-Welles, Keiser, Murray and Kline.

Brief History:

Committee Activity: Labor, Commerce, Research & Development: 2/27/07 [DP, DNP].

Passed Senate: 3/10/07, 37-8.

SENATE COMMITTEE ON LABOR, COMMERCE, RESEARCH & DEVELOPMENT

Majority Report: Do pass.

Signed by Senators Kohl-Welles, Chair; Keiser, Vice Chair; Franklin, Murray and Prentice.

Minority Report: Do not pass.

Signed by Senators Clements, Ranking Minority Member; Hewitt and Holmquist.

Staff: Kathleen Buchli (786-7488)

Background: Workers injured in the course of employment may receive various benefits under the Industrial Insurance Act. Compensatory benefits are based on the monthly wages that the worker was receiving from all employment at the time of injury.

Death benefits are calculated as follows:

- the worker's monthly wage at injury is multiplied by a percentage ranging from 60 to 70 percent, depending on the number of children;
- the minimum monthly benefit ranges from \$185 to \$322, depending on the number of children; and
- the maximum benefit is 120 percent of the state average monthly wage.

Temporary or permanent total disability benefits are calculated as follows:

- the worker's monthly wage at injury is multiplied by a percentage ranging from 60 to 75 percent, depending on the worker's marital status and number of children;
- the minimum monthly benefit ranges from \$185 to \$352, depending on the worker's marital status and number of children; and
- the maximum benefit is 120 percent of the state average monthly wage.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Monthly compensatory benefits that are being paid are revised annually for a cost-of-living adjustment based on changes in the state average monthly wage. The state average monthly wage is derived from the Employment Security Department's calculation of the state average annual wage.

Summary of Engrossed Bill: The statutorily-set minimum monthly benefit amounts are deleted. For dates of injury or disease manifestation after June 30, 2007, the minimum monthly benefit is set at 15 percent of the state average monthly wage plus an additional \$10 per month if a worker is married and an additional \$10 per month for each child of the worker up to a maximum of five children. The minimum monthly benefit may not exceed 100 percent of the worker's wages, but may not be less than the benefit amount currently received by the worker.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: The bill takes effect on July 1, 2008.

Staff Summary of Public Testimony: PRO: The minimum benefit for workers who have been injured on the job has not increased since 1969. We are in the lowest one-third in the nation in terms of the minimum benefit that we pay to workers. This does not affect a large number of workers; for example, from 2001 to 2005, 2,689 workers received the minimum benefit. The minimum should be set at 15 percent of the state average monthly wage.

CON: Setting the minimum benefit at 15 percent of the state average monthly wage may result in some people earning more while receiving benefits than they would through work. This is a concern to small business because employees would be getting a pay cut by returning back to work.

OTHER: The bill does not address a large number of workers; but the method of calculating the minimum benefit is of concern. A flat rate may bring more certainty to the minimum benefit.

Persons Testifying: PRO: Robby Stern, Washington State Labor Council.

CON: Tammie Hetrick, Washington Retail Association.

OTHER: Kris Tefft, Association of Washington Business.

House Amendment(s): A null and void clause is added. The bill will be null and void if funding for the bill is not provided in the omnibus appropriations act.