

# HOUSE BILL REPORT

## ESSB 5744

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**As Reported by House Committee On:**  
Labor & Workforce Development  
Appropriations Subcommittee on Health & Human Services

**Title:** An act relating to reporting on the progress of the logger safety initiative.

**Brief Description:** Monitoring the progress of the logger safety initiative.

**Sponsors:** Senate Committee on Commerce & Labor (originally sponsored by Senators Hargrove, Hatfield and Conway).

**Brief History:**

**Committee Activity:**

Labor & Workforce Development: 3/20/13, 3/26/13 [DPA];

Appropriations Subcommittee on Health & Human Services: 4/4/13 [DPA(LWD)].

**Brief Summary of Engrossed Substitute Bill  
(As Amended by Committee)**

- Requires the Department of Labor and Industries to report to the Legislature on the development and implementation of the logger safety initiative.

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### HOUSE COMMITTEE ON LABOR & WORKFORCE DEVELOPMENT

**Majority Report:** Do pass as amended. Signed by 8 members: Representatives Sells, Chair; Manweller, Ranking Minority Member; Condotta, Assistant Ranking Minority Member; Green, Holy, Moeller, Ormsby and Short.

**Staff:** Joan Elgee (786-7106).

**Background:**

Under the state's industrial insurance laws, workers who are injured or disabled from an occupational disease in the course of employment are entitled to benefits. Employers must insure through the State Fund administered by the Department of Labor and Industries (Department) or may self-insure if qualified.

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*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.*

Employers insured with the State Fund pay premiums into three primary funds. The Accident Fund is used for temporary time loss and permanent disability awards, most vocational costs, and survivor benefits. The Medical Aid Fund is used for medical costs and some vocational services, and the Supplemental Pension Fund is used for cost-of-living expenses. Employers deduct half of the Medical Aid and Supplemental Pension Fund premiums from employee pay. To set premium rates, the Department classifies industries according to the degree of hazard, and fixes basic premium rates for each risk classification. The Accident and Medical Aid Fund rates are modified for each individual employer by an experience factor.

Risk classifications for logging include mechanized logging and nonmechanized (manual) logging. Participants in the logging industry have formed a Logger Safety Task Force to develop and implement a logger safety initiative with the goal of reducing the frequency and severity of injuries in the logging industry.

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### **Summary of Amended Bill:**

Findings are made that workers in manual logging suffer more frequent and severe injuries than other workers, and that the frequency and severity of injuries is particularly high among young workers. The Legislature recognizes the importance of improving safety performance to reduce worker injuries and employer rates. Further, the Legislature acknowledges that industry participants, including private land owners, timber industry employers, the Department of Natural Resources, and the Department, have formed a Logger Safety Task Force (Task Force) to develop and implement a logger safety initiative, with the goal of reducing the frequency and severity of injuries. The Task Force will create a program to: (1) establish sector-wide standards for worker training and supervision; (2) establish a certification process for individual company safety programs; and (3) review the progress of logging operations through mandatory performance-based audits. The Legislature recognizes that while costs will decline as safety improves, an immediate reduction in industrial insurance rates for 2014 for participating logging employers provides an additional incentive for these employers to commit to the logger safety initiative.

The Department must include one or more representatives of logging industry workers on the Task Force. The Department must also reach out to all employers in the logging industry, including those with one or more fatalities in the last five years, and invite them to participate in the logger safety initiative. All participants must comply with the requirements of the initiative.

The Department must report to the Legislature by December 31, 2013, on the development and implementation of the logger safety initiative. The report must provide a status update on the implementation of the initiative and participation in the safety program, including a description and summary of the worker training and supervision standards and the certification process for individual companies. The report must also contain a description of any rate reduction or other incentive for rate year 2014 for participating employers. Recommendations for legislative consideration may be provided.

## **Amended Bill Compared to Engrossed Substitute Bill:**

The striking amendment makes the following changes to the Engrossed Substitute Senate Bill:

- Requires the Department to include one or more representatives of logging industry workers on the Task Force.
  - Requires the Department to reach out to all employers in the logging industry, not limited to those with fatalities, and invite them to participate in the initiative.
  - Requires all participants to comply with the requirements of the initiative.
  - Removes the requirement that the report provide options that would significantly reduce rates, including an Accident Fund rate buy-down or socialization for high-risk logging rate classes, if the initiative does not significantly reduce 2014 manual logging rates.
  - Reorganizes for clarity.
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**Appropriation:** None.

**Fiscal Note:** Available.

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

### **Staff Summary of Public Testimony:**

(In support) Industry representatives are working with the Department in a collaborative process to reduce the frequency and severity of injuries and to improve rates in the long run. Reducing injuries and rates is a significant piece to salvaging the manual logging industry. Rates have more than doubled in the last five years and exceed wages for many employers. The rate increase has spotlighted the safety problems. The most enduring change happens when all parties agree. A couple of meetings have occurred.

(Other) The Department is supportive. Industry representatives, including both contract loggers and landowners, came to the Department. The rate is over \$19 per hour, likely the highest rate risk classification, and acute hospitalizations happen 50 times more often than in other industries. The industry is owning the problem, which is the most effective way to get change.

(Opposed) None.

**Persons Testifying:** (In support) Jerry Bonagofsky, Washington Contract Loggers Association; and John Ehrenreich, Washington Forest Protection Association.

(Other) Vickie Kennedy, Department of Labor and Industries.

**Persons Signed In To Testify But Not Testifying:** None.

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**HOUSE COMMITTEE ON APPROPRIATIONS SUBCOMMITTEE ON HEALTH & HUMAN SERVICES**

**Majority Report:** Do pass as amended by Committee on Labor & Workforce Development. Signed by 10 members: Representatives Morrell, Chair; Harris, Ranking Minority Member; Cody, Green, Jinkins, Kagi, Ormsby, Pike, Ross and Schmick.

**Staff:** Mary Mulholland (786-7391).

**Summary of Recommendation of Committee On Appropriations Subcommittee on Health & Human Services Compared to Recommendation of Committee On Labor & Workforce Development:**

No new changes were recommended.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Staff Summary of Public Testimony:**

(In support) The main goal of this bill is to increase safety for loggers. The industry understands it needs to do a better job. The industry hopes to design a program that will allow the Department of Labor and Industries to provide an initial rate reduction. The premium for manual logging is over \$19 per hour and has doubled over the last five years. Employees pay \$2.60 of the premium. Cost savings from increased safety will be shared by employers and employees. The Logger Safety Task Force has an advisory committee and a technical committee and plans to have a program in place in a month or two.

(Opposed) None.

**Persons Testifying:** Jerry Bonagofsky, Washington Contract Loggers Association; and John Ehrenreich, Washington Forest Protection Association.

**Persons Signed In To Testify But Not Testifying:** None.