

SENATE BILL REPORT

HB 2444

As of February 23, 2016

Title: An act relating to eliminating the reference to the standard industrial classification system in the worker and community right to know fund.

Brief Description: Eliminating the reference to the standard industrial classification system in the worker and community right to know fund.

Sponsors: Representatives Manweller, Sells and Kilduff; by request of Department of Labor & Industries.

Brief History: Passed House: 2/17/16, 98-0.

Committee Activity: Commerce & Labor: 2/24/16.

SENATE COMMITTEE ON COMMERCE & LABOR

Staff: Susan Jones (786-7404)

Background: Right-to-Know Program. The Legislature enacted the Right-to-Know Program (RTK) in 1984 to give citizens and workers access to chemical-hazard information in their communities and workplaces. The program is administered by the Department of Labor & Industries (L&I) and partially funds programs at L&I, the Department of Ecology, the Emergency Management Division, and the Board of Industrial Insurance Appeals.

RTK funding comes from a fee collected annually from employers in specified industries that typically have or use hazardous chemicals. The fee is \$2.50 per full-time equivalent employee, up to a maximum of \$50,000 per year, for businesses that reported 10,400 or more worker hours in the previous calendar year. Under current law, L&I must use Standard Industrial Classifications (SIC) codes to determine which businesses to assess the fee for the RTK program.

Standard Industrial Classifications. For over 60 years, the SIC system served as the structure for the collection, presentation, and analysis of the U.S. economy. An industry consists of a group of establishments primarily engaged in producing or handling the same product or group of products or in rendering the same services. The SIC system was developed in the 1930s at a time when manufacturing dominated the U.S. economic scene. Over the years, there were numerous revisions to the SIC system, reflecting the economy's changing

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industrial composition. Despite these revisions, the system received increasing criticism about its ability to handle rapid changes in the U.S. economy.

North American Industry Classification System. The North American Industry Classification System (NAICS) was developed in cooperation with the U.S., Canada, and Mexico. NAICS uses a production-oriented conceptual framework to group establishments into industries based on the activity in which they are primarily engaged. Establishments using similar raw material inputs, similar capital equipment, and similar labor are classified in the same industry. NAICS was introduced in 1997 and is periodically revised to reflect changes in the industrial structure of the U.S. and North American economy.

NAICS replacing SIC. NAICS has largely replaced the SIC codes, which are generally considered obsolete. NAICS is widely used by federal statistical agencies, including the Bureau of Labor Statistics.

Summary of Bill: L&I must use the current industry classification system used by the Bureau of Labor Statistics to determine which businesses to assess the fee for the Right-to-Know Program.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.