

# HOUSE BILL REPORT

## SB 6225

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**As Passed House:**

February 28, 1996

**Title:** An act relating to employer assessments.

**Brief Description:** Regulating employer assessments.

**Sponsors:** Senators Pelz, Deccio and Newhouse; by request of Department of Labor & Industries.

**Brief History:**

**Committee Activity:**

Commerce & Labor: 2/14/96, 2/22/96 [DP].

**Floor Activity:**

Passed House: 2/28/96, 94-0.

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### HOUSE COMMITTEE ON COMMERCE & LABOR

**Majority Report:** Do pass. Signed by 12 members: Representatives McMorris, Chairman; Hargrove, Vice Chairman; Thompson, Vice Chairman; Romero, Ranking Minority Member; Conway, Assistant Ranking Minority Member; Cairnes; Cody; Cole; Fuhrman; Goldsmith; Horn and Lisk.

**Staff:** Chris Cordes (786-7117).

**Background:**

#### Estimated premium collections

Employers who insure their industrial insurance obligations with the state fund are required to make quarterly reports and pay premiums to the Department of Labor and Industries.

If the employer fails or refuses to file the report or pay the premiums, the department may estimate the premiums due and may collect on the basis of the estimated premiums. The employer is in default if the employer fails to pay within 10 days of the department's demand based on the estimation. The department may collect on the judgment based on the estimated premium or on the actual premium, whichever is

greater. There is no statutory authority to waive collection after a final judgment is entered.

#### Penalties for safeguard removal or minor work violations

If a worker is injured because of the absence of a safeguard required to be provided by law, the employer must pay 50 percent of the cost of permanent partial disability payments, temporary disability payments, or the lump sum value of permanent total disability or death benefits. This provision does not apply if the worker removed the safeguard, unless the worker was ordered to remove it by the employer.

If the worker removes the safeguard and is injured, the worker's benefit payments are reduced by 10 percent, except when the worker was ordered to remove the safeguard by the employer.

In addition to circumstances involving safeguard removal, an employer is liable for the 50 percent payments if an injury occurs to an underage minor employee or a minor employee with no work permit or a permit not covering the work in which the minor is engaged.

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

##### Estimated premium collections

The Director of the Department of Labor and Industries, or designee, is authorized to compromise the amount of estimated premiums, whether final or not, if collection of the estimated amount would be against equity and good conscience.

##### Penalties for safeguard removal or minor work violations

The provision is repealed that required an employer to pay 50 percent of the cost of permanent partial disability payments, temporary disability payments, or the lump sum value of permanent total disability or death benefits paid to a worker (1) who is injured because of the absence of a safeguard required to be provided by law; or (2) who is an underage minor employee or a minor employee with no work permit or a permit not covering the work.

The repealed provision also removes a requirement to reduce an injured worker's benefit payments by 10 percent when the worker removes the safeguard.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Testimony For:** Without the intervention of a court, the Department of Labor and Industries has no flexibility in collecting employer assessments which have become final. Flexibility is needed to waive collection of assessments when the failure of the employer to respond to notices was not in bad faith and there were extenuating circumstances. The bill also repeals a very old provision of law that has never been enforced as far as the department's records show. This provision conflicts with industrial insurance's no-fault system by penalizing employers or employees who are found to be responsible for an accident involving a safeguard. The state has better methods to enforce safety concerns without adding confrontation and assignment of blame to the industrial insurance system.

**Testimony Against:** None.

**Testified:** Mark Brown, Department of Labor and Industries.