

HOUSE BILL REPORT

HB 1284

*As Reported By House Committee on:
Commerce & Labor*

Title: An act relating to workplace safety bonus programs.

Brief Description: Regulating workplace safety bonus programs.

Sponsor(s): Representatives Prentice, Heavey, R. King, Cole, O'Brien, Jones, Leonard, Riley, Wineberry and Dellwo.

Brief History:

Reported by House Committee on:
Commerce & Labor, February 19, 1991, DPS.

**HOUSE COMMITTEE ON
COMMERCE & LABOR**

Majority Report: *That Substitute House Bill No. 1284 be substituted therefor, and the substitute bill do pass.*
Signed by 7 members: Representatives Heavey, Chair; Cole, Vice Chair; Franklin; Jones; R. King; O'Brien; and Prentice.

Minority Report: *Do not pass.* Signed by 4 members: Representatives Fuhrman, Ranking Minority Member; Lisk, Assistant Ranking Minority Member; Vance; and Wilson.

Staff: Chris Cordes (786-7117).

Background: The Department of Labor and Industries offers accident prevention and safety consultation services to employers. However, the department has no authority to regulate any safety bonus programs that employers might implement as part of an accident reduction program.

Both workers and employers are required to report workplace accidents. When a worker is injured in a job-related accident, the worker is required to report the incident to the worker's employer or supervisor. The employer must report the accident to the department if the worker receives medical treatment or is hospitalized, is disabled from work, or dies as the apparent result of the accident.

Summary of Substitute Bill: Any workplace safety bonus program implemented by an employer: (1) must award safety bonuses only on the basis of individual safety performance,

and may not make the award contingent on the performance of other workers; (2) may not make safety bonuses contingent on other bonuses, such as production bonuses or attendance bonuses; and (3) may not award a worker more than \$25 in any calendar quarter.

Substitute Bill Compared to Original Bill: The substitute bill deletes the prohibition against workplace safety bonus programs that reward workers for maintaining an accident-free workplace. The substitute bill establishes the following criteria for the programs: (1) safety bonuses may be awarded only on the basis of individual safety performance, and may not be contingent on the performance of other workers; (2) safety bonuses may not be contingent on other bonuses, such as production bonuses or attendance bonuses; and (3) the safety bonus given to a worker may not exceed \$25 in any calendar quarter.

Fiscal Note: Available.

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

Testimony For: Safety bonuses programs are counterproductive if workers fail to report workplace injuries to earn the bonus. Sometimes there is peer pressure not to report injuries when the bonus depends on the safety record of a team of workers. The best incentive for worker safety is self-preservation and bonuses are unnecessary. Employers should focus on training and proper equipment to improve safety. Workers may also report a claim as nonwork-related. In this case, health insurance policies will cover the cost of a claim that should have been reported as an industrial injury.

Testimony Against: Safety bonuses are an important part of safety programs. The program should be comprehensive and look at all aspects of safety. Sometimes peer pressure is the only effective method of getting workers to comply with safety rules. Many of these programs have resulted in a major improvement in the company's safety record. Some companies have reinstated safety bonus programs when accidents began to increase after the program stopped. If workers or employers fail to report accidents, there are already penalties in place to address this concern.

Witnesses: (in favor) Bob Dilger, Washington Building and Construction Trades Council; Ron Forest, District Council of Carpenters; and Jeff Johnson and Kathleen Connor, Washington State Labor Council. (opposed) George Kirkmire, Washington Contract Loggers Association; Duke Schaub, Associated General Contractors; Jerry Ginter, Simpson Timber Company;

Frank Gerloff, Reynolds Metal Company; Robert Taylor, Alcoa;
and Clif Finch, Association of Washington Business.