

SENATE BILL REPORT

SB 5137

As of January 19, 2021

Title: An act relating to suspending workers' compensation cost-of-living adjustments for fiscal year 2022, changing the basis of certain future adjustments to the consumer price index, and capping the rate of increase for future adjustments.

Brief Description: Suspending workers' compensation cost-of-living adjustments for fiscal year 2022, changing the basis of certain future adjustments to the consumer price index, and capping the rate of increase for future adjustments.

Sponsors: Senators King, Dozier, Gildon, Honeyford, Muzzall, Short and Wagoner.

Brief History:

Committee Activity: Labor, Commerce & Tribal Affairs: 1/21/21.

Brief Summary of Bill

- Eliminates the workers' compensation time-loss and maximum benefits for time-loss and pensions cost-of-living adjustment (COLA) from July 1, 2021 to June 30, 2022.
- Modifies the COLA for time-loss beginning July 1, 2022 to the percentage change in the consumer price index for the preceding year, not to exceed 3 percent.
- Limits the COLA for the maximum benefits for time loss and pensions, which are based on a percentage change in the average monthly wage, beginning July 1, 2022 to 3 percent.

SENATE COMMITTEE ON LABOR, COMMERCE & TRIBAL AFFAIRS

Staff: Susan Jones (786-7404)

Background: Under the state's industrial insurance laws, employers must insure through

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the State Fund administered by the Department of Labor and Industries (L&I) or, if qualified, may self-insure. Workers temporarily unable to work receive time-loss benefits. A worker who suffers specified catastrophic injuries or other condition permanently incapacitating the worker from performing any work at any gainful occupation is entitled to permanent total disability, also referred to as pension benefits.

The amount of the time-loss or pension benefits is a percentage of the worker's wages, depending on the worker's family status and number of dependents, and subject to minimum and maximum amounts. Certain survivors are also entitled to benefits.

Workers receiving time-loss, and workers receiving a pension and their survivors receive a cost-of-living adjustment (COLA) on July 1st of each year, except for time-loss for injuries after July 1, 1971, where the COLA is not made until the second July 1st following the date of the injury. The COLA is based on the average monthly wage (AMW), and the formula depends on whether the worker began receiving compensation before, on, or after July 1, 1971. There is a maximum monthly payment for time loss and pensions that may not exceed a certain percentage of the AMW. The percentage is 120 percent of the AMW. Average monthly wage is the average annual wage, determined by the Employment Security Department in June of each year, divided by 12.

Summary of Bill: The bill as referred to committee not considered.

Summary of Bill (Proposed Substitute): There is no time-loss COLA from July 1, 2021 to June 30, 2022. The COLA beginning July 1, 2022, are the percentage changes in the consumer price index for the preceding year, not to exceed 3 percent. The consumer price index is defined.

There is no COLA for the maximum benefits for time-loss and pensions from July 1, 2021 to June 30, 2022. The COLA beginning July 1, 2022, for the maximum benefits for time loss and pensions are based on a percentage change in the average monthly wage, not to exceed 3 percent regardless of the percentage change to the average monthly wage.

Except for the cap under the maximum time loss and pension calculations, the calculation for the AMW remains the same.

Appropriation: None.

Fiscal Note: Requested on January 13, 2021.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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