

INDUSTRIAL INSURANCE
DRYWALL CONTRACTORS - WAC 296-17-35203

I am a drywall contractor and have employees who install (class 0540 & 0550) and/or finish drywall (class 0541 & 0551). How do I report them for Workers Compensation?

By reporting the square footage of their work. The square footage of wallboard purchased for each job, project, site or location shall equal the square footage reported in each drywall risk class.

- No deduction can be taken for scrap (debris)
- No deduction can be taken for portions of the job that are not finished (base layer of double-board application or unfinished rooms.)

How do I compute the total square footage of drywall that was installed and/or finished in a quarter?

To compute the total square footage of drywall installed/finished in the quarter, use the following formula.

Total Reportable Square Footage = square footage purchased + square footage installed but not purchased – square footage subcontracted – square footage installed by owner (if qualified to deduct)

What if I hire a subcontractor to perform some of the installation and/or finish work? Can I take a deduction for the work they do?

Yes. You may deduct the square footage installed or finished by an *exempt* independent contractor. See RCW's 51.08.180 & 195 for the definition of an exempt independent contractor. In order to deduct any work done by an independent contractor, you must record the subcontractor's name, UBI number and amount of material that they have installed and/or finished. Enter this information on the owner deduction report and enter the square footage installed/finished by job or project. This report must be filed with your L&I quarterly report for the quarter in which the work was completed.

I am an owner and I do some of my own installation and/or finish work. Can I deduct the square footage that I install and/or finish?

If you are an owner (Proprietor, Partner, Corporate Officer, or Member/Manager of an LLC) who has not elected owner coverage, you may deduct the drywall material you installed and/or finished. When you as an owner install (including scrap) and/or finish (including tape and prime or texture) only part of a job, you may deduct an amount of material proportional to the time you worked on the job compared to the time you and your workers spent on the job. The owner deduction report must be filed along with your L&I quarterly report of premiums. (The report must show the deduction calculations for each job or project.)

How do I compute the owner's square footage deduction for the owner deduction report?

1. Begin by computing the owner's deduction percentage, using this formula:

Owner's deduction percentage = owner's hours of work divided by total hours of work
(owner's hours + worker's hours)

2. Using the result from above, the owner's square footage deduction = the owner's deduction percentage x (total square footage of job – subcontracted square footage, if any)

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How can I qualify for the discount rates in class 0540 - installation, and class 0541 - finish work?

To qualify for the discount rates, you must:

1. Have an owner attend workshops on record keeping and claims that the department offers.
2. Provide the department with a voluntary release authorizing the department to contact material suppliers directly about firms' purchases.
3. Have and keep all your Industrial Insurance accounts in good standing (including other businesses in which you have ownership interest). This includes fully and accurately reporting and paying premiums as they come due, including material deductions for owners and subcontractors.
4. Provide the department with a supplemental report (filed with the firm's quarterly report) which shows, for each employee:
 - A. Employee name
 - B. Social Security Number
 - C. Wages they were paid during the quarter
 - D. Method of payment - piece rate, hourly, salaried etc.
 - E. Rate per unit/hour
 - F. Type of work they performed -installation, scrapping, taping, etc.

The supplemental report must be filed along with your L&I quarterly report of premiums.

5. Maintain accurate records about work you subcontracted to others and materials provided to subcontractors and about payroll and employment. See WAC 296-17-31013 and 35201 for more details.

The discount rates will become effective in the first quarter that your firm meets all the requirements listed above.

Can I be disqualified from using the discount rates?

Yes, you *can* be disqualified for 3 years if you:

1. Fail to file your quarterly report, including the supplemental and/or owner/subcontractor report, when due or
2. Do not pay premiums on time or
3. Under report any premiums due or
4. Fail to continue meeting the requirements for the discount rates.

If you fail to meet any of the above conditions, the Drywall Underwriter *may* allow you some time to comply in order to retain the discount rates. If you do not comply, you may be referred for an audit. If non-compliance is established in the audit, you will be disqualified from using the discount rates for three years (thirty six months) from the period of last non-compliance.

If I discover I made an error in reporting or paying premium, what should I do?

If you discover you made a mistake in reporting or paying premium, you should contact the department and correct the mistake. Firms not being audited by the department who find errors in their reporting and paying premiums, and who voluntarily report their errors and pay any required premiums, penalties and interest promptly, will not be disqualified from using the discounted rates unless the department determines they acted in bad faith.

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