



**PROPOSED RULE MAKING
(RCW 34.05.320)**

**CR-102 (7/22/01)
Do NOT use for expedited
rule making**

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| Agency: Department of Labor and Industries | <input checked="" type="checkbox"/> Original Notice <input type="checkbox"/> Supplemental Notice to WSR _____ <input type="checkbox"/> Continuance of WSR _____ |
| <input checked="" type="checkbox"/> Preproposal Statement of Inquiry was filed as <u>WSR 04-04-098</u> ; or <input type="checkbox"/> Expedited Rule Making -- Proposed notice was filed as WSR _____; or <input type="checkbox"/> Proposal is exempt under RCW 34.05.310(4). | |

(a) Title of rule:
 Workers' Compensation Classification Plan – Chapter 296-17 WAC General Reporting Rules, Classifications, Audit and Recordkeeping, Rates and Rating System for Washington Workers' Compensation Insurance

Purpose:
 Agency proposes to revise the general reporting rules and classification plan applicable to chapter 296-17 WAC for Workers' Compensation Insurance, underwritten by the Department of Labor and Industries. Specifically, to amend one general reporting rule, establish one new risk classification definition rule and amend one base rate table.

Other identifying information: None

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| (b) Statutory authority for adoption: RCW 51.04.020 (General Authority) RCW 51.16.035 (Classification Plan/Base Rate) | Statute being implemented: RCW 51.16.035 |
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(c) Summary:
See attachment

Reasons supporting proposal: See attachment

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|--|-----------------|----------------|
| (d) Name of Agency Personnel Responsible for: | Office Location | Telephone |
| 1. Drafting... Ken Woehl | Tumwater, WA | (360) 902-4775 |
| 2. Implementation.... Kathy Kimbel | Tumwater, WA | (360) 902-4739 |
| 3. Enforcement..... Robert Malooly | Tumwater, WA | (360) 902-4209 |

(e) Name of proponent (person or organization):
 Department of Labor and Industries

Private
 Public
 Governmental

(f) Agency comments or recommendations, if any, as to statutory language, implementation, enforcement and fiscal matters:
 N/A

(g) Is rule necessary because:

| | | | |
|--------------------------------|------------------------------|--|-----------------------------|
| Federal Law? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | If yes, ATTACH COPY OF TEXT |
| Federal Court Decision? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | Citation: N/A |
| State Court Decision? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | |

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| <p>(h) HEARING LOCATION:</p> <p>Tumwater Labor and Industries Office 7273 Linderson Way S.W. Tumwater, Washington 98504-4851 Room S119</p> <p>Date: May 3, 2004 Time: 1 p.m.</p> <p>Assistance for persons with disabilities: Contact Office of Information and Assistance by May 3, 2004</p> <p>TDD (360) 902-5797</p> | <p>Submit written comments to:</p> <p>Department of Labor and Industries Ken Woehl Classification Services Section P.O. Box 44148, Olympia WA 98504-4148 Or E-Mail to WOEH235@lni.wa.gov or Fax (360) 902-4729 by May 3, 2004</p> <p>DATE OF INTENDED ADOPTION: May 25, 2004</p> <div style="background-color: #cccccc; padding: 20px; text-align: center;"> <p>CODE REVISER USE ONLY</p> <p style="font-size: 24pt; margin-top: 20px;">WSR# 04-07-121</p> </div> |
| <p>NAME (TYPE OR PRINT)</p> <p>Paul Trause</p> <p>SIGNATURE</p> | |
| <p>TITLE</p> <p>Director, Labor and Industries</p> | <p>DATE</p> <p>March 19, 2004</p> |

(j) Short explanation of rule, its purpose, and anticipated effects:

The department is required by RCW 51.16.035 to establish and maintain a workers' compensation insurance classification plan that classifies all occupations or industries within the state, and to set basic rates of premium for all classifications. The department proposes to revise the general reporting rules and classification plan. The rule proposals are intended to better clarify certain general reporting rules, to distribute the costs fairly among employers, and to ensure actuarial solvency. This includes classification definitions applicable to Chapter 296-17 for Workers' Compensation Insurance underwritten by the Department of Labor and Industries.

These changes are brought about by various elements. 1) The department has conducted a review of certain classifications and determined that certain revisions are needed. 2) The addition of new emerging industries to the classification plan. 3) Requests from stakeholders for certain changes or clarification in rules. 4) To continue to clarify, while providing adequate detail, in compliance with clear rule writing.

Does proposal change existing rules? YES NO If yes, describe changes:

The department proposes to amend one general reporting rule, establish one new risk classification definition, and amend one base rate table applicable to chapter 296-17 WAC.

(k) Has a small business economic impact statement been prepared under chapter 19.85 RCW?

YES. Attach copy of small business economic impact statement.

NO. Explain why no statement was prepared

The Regulatory Fairness Act (RFA), chapter 19.85 RCW requires that the economic impact of proposed regulations be analyzed in relation to small business, and outlines the information that must be included in a Small Business Economic Impact Statement (SBEIS). Preparation of a SBEIS is required when a proposed rule has the potential of placing a more than minor economic impact on business.

However, since the proposed rule would not place a more than minor economic impact on business, the preparation of a comprehensive SBEIS is not required.

(l) Does RCW 34.05.328 apply to this rule adoption? Yes No

Please explain:

RCW 51.16.035 requires the Department of Labor and Industries to establish a Classification Plan to include general reporting rules, risk classification definitions, and premium rates for all classifications in accordance with recognized principles of insurance.

The rule is significant under RCW 34.05.328, however, this rule is exempt from the significant rule-making criteria because RCW 34.05.328(5)(b)(vi) establishes that rules that set or adjust fees or rates pursuant to legislative standards are exempt from the criteria outlined in RCW 34.05.328.

CR 101 RULE-MAKING ORDER (RCW 34.05.320)

Workers' Compensation Plan – Chapter 296-17-WAC General Reporting Rules, Classifications, Audit and Recordkeeping, Rates and Rating System for Washington Workers' Compensation Insurance
Filing date: March 19, 2004

(c) Summary:

Proposal establishes modifications to the general reporting rules, classification definitions, and rating table as contained in the workers' compensation classification plan to include:

Amend General Reporting Rules:

WAC 296-17-31013 Construction industry rule (Clarify construction debris clean-up and erection of scaffolding)

Amend Rating Rules:

WAC 296-17-895 Base rate table (Establish new rate for classification 5302 – computer service business)

New Risk Classification Rules:

WAC 296-17-67701 Classification 5302 (Establish new risk classification for computer service businesses)

Reasons supporting proposal:

RCW 51.16.035 requires that the department maintain actuarial solvency of the industrial insurance (workers' compensation) funds and maintain a classification plan. Adjustments to the classification and rating plan reflect changes in Washington industries. Revisions to the general reporting rules and risk classification definitions are being amended to provide greater detail and clarity to the rules.