



PROPOSED RULE MAKING

CR-102 (June 2012)

(Implements RCW 34.05.320)

Do NOT use for expedited rule making

Agency: Washington State Department of Labor and Industries

- Preproposal Statement of Inquiry was filed as WSR 15-21-067 ; or
- Expedited Rule Making--Proposed notice was filed as WSR _____; or
- Proposal is exempt under RCW 34.05.310(4) or 34.05.330(1).

- Original Notice
- Supplemental Notice to WSR _____
- Continuance of WSR _____

Title of rule and other identifying information:

Chapter 296-17 WAC General Reporting Rules, Audit and Recordkeeping, Rates and Rating System for Washington Workers' Compensation Insurance
Chapter 296-17A WAC Classifications for Washington Workers' Compensation Insurance

Hearing location(s): Department of Labor and Industries
Room S117
7273 Linderson Way SW
Tumwater, Washington 98504

Date: February 25, 2016 Time: 1:00 p.m.

Date of intended adoption: July 05, 2016
(Note: This is **NOT** the effective date)

Submit written comments to:

Name: Annie Peeples
Address: Department of Labor and Industries
P.O. Box 44148
Tumwater, WA 98504-4148
e-mail: Annie.Peeples@lni.wa.gov
fax (360)902-5830 by (date) February 25, 2016 at 5:00 pm

Assistance for persons with disabilities: Contact

Office of Information and Assistance by February 19, 2016

TTY (360) 902-5797 or (800) 547-8367

Purpose of the proposal and its anticipated effects, including any changes in existing rules:

See Attachment 1 for descriptions of proposed rule amendments.

The department intends to review these chapters and make revisions to:

- Improve clarity and ensure consistent and fair application of the rules.
- Promote broad understanding of the rules
- Incorporate and formalize existing agency practices
- Consolidate subclassifications with reporting too minimal for gathering data and comparing hazards

These proposed changes will not change employer rates or reporting requirements.

Reasons supporting proposal: These changes will make it easier for agency staff and customers to understand and apply the risk classifications and subclassifications for workers' compensation, and help ensure fair and consistent rating for employers. As part of this rulemaking, the Department also intends to review these chapters as required by SSB 5679 (Chapter 30, 2013 Laws 2nd Special Session) to make changes where possible to reduce the regulatory burden on employers insured with the State Fund.

Statutory authority for adoption: RCW 51.04.020 and RCW 51.16.035

Statute being implemented: RCW 51.16.035

Is rule necessary because of a:

- Federal Law? Yes No
 - Federal Court Decision? Yes No
 - State Court Decision? Yes No
- If yes, CITATION:

CODE REVISER USE ONLY

OFFICE OF THE CODE REVISER
STATE OF WASHINGTON
FILED

DATE: January 05, 2016

TIME: 11:20 AM

WSR 16-02-089

DATE

January 05, 2016

NAME (type or print)

Joel Sacks

SIGNATURE

TITLE

Director

Agency comments or recommendations, if any, as to statutory language, implementation, enforcement, and fiscal matters:

N/A

Name of proponent: Washington State Department of Labor and Industries

- Private
- Public
- Governmental

Name of agency personnel responsible for:

	Name	Office Location	Phone
Drafting.....	Annie Peeples	Tumwater, Washington	(360) 902-4723
Implementation....	Keith Bingham	Tumwater, Washington	(360) 902-4298
Enforcement.....	Victoria Kennedy	Tumwater, Washington	(360) 902-4997

Has a small business economic impact statement been prepared under chapter 19.85 RCW or has a school district fiscal impact statement been prepared under section 1, chapter 210, Laws of 2012?

Yes. Attach copy of small business economic impact statement or school district fiscal impact statement.

A copy of the statement may be obtained by contacting:

Name:

Address:

phone () _____

fax () _____

e-mail _____

No. Explain why no statement was prepared.

Since the proposed rules set or adjust fees or rates pursuant to legislative standards described in RCW 34.05.310(4)(f) and do not change current coverage options for employers and workers, they are exempted from a small business economic impact statement

Is a cost-benefit analysis required under RCW 34.05.328?

Yes A preliminary cost-benefit analysis may be obtained by contacting:

Name:

Address:

phone () _____

fax () _____

e-mail _____

No: Please explain: Since the proposed rules do not change any existing coverage options for employers or workers, and adjust fees pursuant to legislative standards, they are exempted by RCW 34.05.328(5)(b)(vi) from the requirement for a cost-benefit analysis.

2016 Classification Rulemaking Attachment 1

Chapter 296-17 WAC General reporting rules, audit and recordkeeping, rates and rating system for Washington workers' compensation insurance. and Chapter 296-17A WAC Classifications for Washington workers' compensation insurance.

	WAC Numbers and descriptions	Proposed change	Reason for change
1.	WAC 296-17-31002 General rule definitions.	<ul style="list-style-type: none"> • Add definition for “principal” from WAC 296-17-31017 to the definitions in WAC 296-17-31002 	<ul style="list-style-type: none"> • Improve clarity to ensure consistent and fair application of the rules and to promote broad understanding of the rules • Incorporate and formalize existing agency practices
2.	WAC 296-17-31011 Classification system and plan.	<ul style="list-style-type: none"> • Revise to make it easier to understand 	
3.	WAC 296-17-31012 Classification assignment.	<ul style="list-style-type: none"> • Revise to make it easier to understand 	
4.	WAC 296-17-31013 Building construction.	<ul style="list-style-type: none"> • Revise to make it easier to understand • Clarify what is meant by “phase of construction” • Update examples used to illustrate application of rule • Add more detailed information about potential cost to employers who do not report and pay premiums on independent contractors that are covered workers 	
5.	WAC 296-17-31014 Farming and agriculture.	<ul style="list-style-type: none"> • Revise to make it easier to understand • Add list of classifications the Department considers to be farming or agriculture • Add details about the hand harvesting special exception classification 	
6.	WAC 296-17-31015 General inclusions.	<ul style="list-style-type: none"> • Revise to make it easier to understand 	
7.	WAC 296-17-31016 Classification by analogy.	<ul style="list-style-type: none"> • Revise to make it easier to understand • Update example used to illustrate application of rule 	

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8.	<p>WAC 296-17A-0214</p> <ul style="list-style-type: none"> Concrete work in connection with highways, streets or roadways <p>WAC 296-17A-0518</p> <ul style="list-style-type: none"> Nonwood frame construction 	<ul style="list-style-type: none"> Add details on classifying construction of concrete parking lots Consolidated two very small 0518 subclassifications (metal carports and metal service station canopies) together. 	<ul style="list-style-type: none"> Improve clarity to ensure consistent and fair application of the rules and to promote broad understanding of the rules Incorporate and formalize existing agency practices
9.	<p>WAC 296-17A-0307</p> <ul style="list-style-type: none"> HVAC installation, service, or repair 	<ul style="list-style-type: none"> Update format Revise to make it easier to understand Consolidate into a single classification (likely to be 0307-01 Heating, ventilation, air conditioning, refrigeration and furnace systems: Installation, service or repair) these subclassifications: <ul style="list-style-type: none"> 0307-01, Furnaces and heating systems: Installation, service or repair and 0307-04, Ventilating, air conditioning and refrigerations systems: Installation, service or repair, N.O.C. 	<ul style="list-style-type: none"> Improve clarity to ensure consistent and fair application of the rules and to promote broad understanding of the rules Bring classification in line with how the industry operates Remove administrative burden and simplify reporting for accounts currently assigned both 0307-01 & 0307-04
10.	<p>WAC 296-17A-2903</p> <ul style="list-style-type: none"> Wood products manufacturing 	<ul style="list-style-type: none"> Update format Revise to make it easier to understand Consolidate into a single subclassification (likely to be 2903-12, Manufacturing and assembly of wood products not otherwise classified (N.O.C.)) the following subclassifications: <ul style="list-style-type: none"> 2903-12, Wood products, N.O.C.:Manufacturing or assembly, 	<ul style="list-style-type: none"> Improve clarity to ensure consistent and fair application of the rules and to promote broad understanding of the rules Incorporate and formalize existing agency practices Merge smaller subclassifications without enough exposure or losses to be statistically credible into

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		<ul style="list-style-type: none"> ○ 2903-20, Wood sign: Manufacturing, and ○ 2903-27, Ridgecap and/or shim: Manufacturing ● Add cutting and sizing lumber stock for other uses in addition to furniture manufacturing to the description of subclassification 2903-06, Manufacturing wood furniture stock ● Add direction to subclassification 2903-28, Manufacturing, repairing, or refinishing wood boats, for classifying certain boat work not in connection with boat manufacturing ● Remove verbiage excluding all activities away from the "shop or plant." This classification has always included pickup and delivery work, but this verbiage has, on occasion, caused the higher rated delivery classification to be added to the manufacturer's account. 	larger subclassifications
11.	WAC 296-17A-3702 <ul style="list-style-type: none"> ● Breweries, wineries, and beverage bottling 	<ul style="list-style-type: none"> ● Update format ● Revise to make it easier to understand ● Clarify rules for tasting rooms and restaurants associated with these manufacturers 	<ul style="list-style-type: none"> ● Improve clarity to ensure consistent and fair application of the rules and to promote broad understanding of the rules ● Incorporate and formalize existing agency practices

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12.	<p>WAC 296-17A-4907</p> <ul style="list-style-type: none"> Inmate work opportunity <p>WAC 296-17A-4908</p> <ul style="list-style-type: none"> Inmates of adult honor camps 	<ul style="list-style-type: none"> Update format and language Revise to make it easier to understand Update to reflect DOC's current services Changing the terms "inmates" and "prisoners" to "offenders" 	<ul style="list-style-type: none"> Consistency with DOC's language in their recent WAC changes
13.	<p>WAC 296-17A-5201</p> <ul style="list-style-type: none"> Manufacturing of electronic apparatuses 	<ul style="list-style-type: none"> Update format Revise to make it easier to understand Add solar panel manufacturing to the description of subclassification 5201-75, Electric power or transmission equipment: Manufacturing or assembly 	<ul style="list-style-type: none"> Improve clarity to ensure consistent and fair application of the rules and to promote broad understanding of the rules Incorporate and formalize existing agency practices
14.	<p>WAC 296-17A-6109</p> <ul style="list-style-type: none"> Medical clinics <p>WAC 296-17A-6308</p> <ul style="list-style-type: none"> Eyewear and hearing aid stores 	<ul style="list-style-type: none"> Update format Revise to make it easier to understand Add clarification for classifying clerical and sales work for medical clinics Add clarification for classifying overnight stays for medical facilities Add clarification for classifying eye clinics and eyewear stores 	<ul style="list-style-type: none"> Improve clarity to ensure consistent and fair application of the rules and to promote broad understanding of the rules
15.	<p>WAC 296-17A-6204</p> <ul style="list-style-type: none"> Gyms and fitness centers 	<ul style="list-style-type: none"> Changing the title of subclassification 6204-04 from "Exercise or health institutes, gymnasiums, and health clubs" to "Exercise facilities, gyms, fitness and martial arts centers, N.O.C." to avoid classification confusion with 6205-00, Clubs, N.O.C. 	<ul style="list-style-type: none"> Improve clarity to ensure consistent and fair application of the rules and to promote broad understanding of the rules

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16.	<p>WAC 296-17A-6303</p> <ul style="list-style-type: none"> • Social workers and dietitians <p>WAC 296-17A-6110</p> <ul style="list-style-type: none"> • Home health services and nursing care 	<ul style="list-style-type: none"> • Revise to make it easier to understand 	<ul style="list-style-type: none"> • Improve clarity to ensure consistent and fair application of the rules and to promote broad understanding of the rules
17.	<p>WAC 296-6607</p> <ul style="list-style-type: none"> • Subclassification 6607-02 recreational, social, and community centers 	<ul style="list-style-type: none"> • Add clarification for the classification of adult day care activities 	<ul style="list-style-type: none"> • Improve clarity to ensure consistent and fair application of the rules and to promote broad understanding of the rules • Incorporate and formalize existing agency practices
18.	<p>WAC 296-17A-7203</p> <ul style="list-style-type: none"> • Community service workers 	<ul style="list-style-type: none"> • Update format and language • Revise to make it easier to understand • Update to reflect DOC's current services 	<ul style="list-style-type: none"> • Consistency with DOC's language in their recent WAC changes