

Multiple Agency Fiscal Note Summary

Bill Number: 5524 SB	Title: Industrial insurance/duties
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Estimated Cash Receipts

Agency Name	2023-25			2025-27			2027-29		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Department of Labor and Industries	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Total \$	0	0	0	0	0	0	0	0	0

Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Board of Industrial Insurance Appeals	Non-zero but indeterminate cost and/or savings. Please see discussion.											
Department of Labor and Industries	.0	0	0	0	.0	0	0	0	.0	0	0	0
Total \$	0.0	0	0	0	0.0	0	0	0	0.0	0	0	0

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Board of Industrial Insurance Appeals	.0	0	0	.0	0	0	.0	0	0
Department of Labor and Industries	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Estimated Capital Budget Breakout

NONE

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Individual State Agency Fiscal Note

Bill Number: 5524 SB	Title: Industrial insurance/duties	Agency: 190-Board of Industrial Insurance Appeals
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Susan Jones	Phone: 360-786-7404	Date: 01/28/2023
Agency Preparation: William Chase	Phone: 360-753-2790	Date: 02/09/2023
Agency Approval: Bob Liston	Phone: 360-753-6823	Date: 02/09/2023
OFM Review: Anna Minor	Phone: (360) 790-2951	Date: 02/09/2023

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

Provides that self-insured employers and self-insured employers' lay representative third-party administrators have a duty of good faith and fair dealing to workers with respect to all aspects of workers' compensation.

- Requires the Department of Labor and Industries to enforce the duty of good faith and fair dealing.

- Establishes penalties for violations of the duty of good faith and fair dealing.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

The bill allows L&I to assess penalties, but L&I has no way to estimate the frequency nor amounts of those penalties. Appeals generally increase with increased penalties. At this time, L&I estimates a minimal number of citations, however indeterminate. The impact on the BIIA is also indeterminate.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Non-zero but indeterminate cost and/or savings. Please see discussion.

III. B - Expenditures by Object Or Purpose

Non-zero but indeterminate cost and/or savings. Please see discussion.

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 5524 SB	Title: Industrial insurance/duties	Agency: 235-Department of Labor and Industries
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Susan Jones	Phone: 360-786-7404	Date: 01/28/2023
Agency Preparation: Donald Jenson Jr	Phone: 360-902-6981	Date: 02/01/2023
Agency Approval: Trent Howard	Phone: 360-902-6698	Date: 02/01/2023
OFM Review: Anna Minor	Phone: (360) 790-2951	Date: 02/01/2023

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

Section 1(2) amends RCW 51.48.080 giving the Department of Labor and Industries (L&I) the ability to increase penalties for violations of section 3 of this act up to an amount, not to exceed three times the penalty in subsection (1), also subject to adjustments pursuant to RCW 51.48.095.

Section 2(5) amends RCW 51.48.017 giving L&I the ability to increase penalties for violations of section 3 of this act up to an amount, not to exceed three times the penalty in subsection (1), also subject to adjustments pursuant to RCW 51.48.095.

Section 3(1) adds a new section to RCW 51.14 stating that self-insured employers and third-party administrators have a duty of good faith and fair dealing to workers relating to all aspects of this title.

Section 3(2) adds a new section to RCW 51.14 requiring L&I to adopt by rule additional applications of the duty of good faith and fair dealing as well as criteria for determining appropriate penalties for violation of its duties.

Section 3(3) adds a new section to RCW 51.14 requiring L&I to investigate each alleged violation of this section upon the filing of a written complaint or upon its own motion.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

Cash receipts are indeterminate. The bill allows L&I to assess penalties, but L&I has no way to estimate the frequency nor amounts of those penalties.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

L&I will implement this bill with existing resources, including costs associated with rulemaking required in section 3(2), investigations required in section 3(3), and minor information technology updates. Investigations of complaints from workers is already something the Self-Insurance section of L&I does and assumes there won't be a significant change in workload related to this bill.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

This legislation would result in rule changes to:

- WAC 296-15-266, Penalties.
- WAC 296-15-320, Reporting of injuries.
- WAC 296-15-330, Authorization of medical care.
- WAC 296-15-350, Handling of claims.
- WAC 296-15-400, Self-insured workers' rights and obligation.
- WAC 296-15-420, Requesting allowance or denial, or interlocutory order from the department.
- WAC 296-15-425, Communicating to injured workers during the course of the claim.
- WAC 296-15-550, Self-Insured third-party administrator duties and performance requirements.
- WAC 296-15-560, Self-insured third-party administrator penalties.