

Individual State Agency Fiscal Note

Bill Number: 6074 SB	Title: TNC driver death benefits	Agency: 235-Department of Labor and Industries
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

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.

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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.

This proposed bill creates death benefit coverage for Transportation Network Company (TNC) drivers if they should die when the driver is logged onto the TNC's digital network as available for work.

Section 1 creates a new section in Chapter 51.32 RCW, Industrial Insurance Compensation – Right to and Amount. The section expands the existing workers' compensation coverage in RCW 51.16.250 for TNC drivers. If a driver suffers an injury that results in death while logged into a TNC's network as available for work, the Department of Labor and Industries (L&I) must pay death benefits in accordance with RCW 51.32.050. Where applicable, the section uses the TNC definitions found in RCW 49.46.300. The section creates a statute of limitations that begins upon the driver's death. The section authorizes L&I to adopt rules to implement the bill.

Section 2 amends RCW 51.16.250, Transportation Network Companies – Premiums – Rules. The section requires L&I to include the cost of death benefits covered by Section 1 through risk class rate increases rather than attributing the cost to a single TNC.

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.

Non-Appropriated – State Fund Premiums

As an insurance entity, L&I premium rates are intended to match premiums to claims cost projections. Therefore, for this fiscal analysis it is assumed that any incremental costs or savings will equal the incremental revenue collected.

Non-Appropriated – Premium Impact to Employers

Individual changes to the Accident and Medical Aid fund do not change rate assumptions by themselves. Cost increases are only one of many components in determining rates. The high-level strategy that is used to determine if a rate change is necessary is as follows:

- Review of liabilities, or costs of the Workers' Comp System.
- Investment earnings.
- Adequate revenue (premiums + investments) based on projected costs (actuarial estimates) will determine need for a premium change.

Non-Appropriated – Self-Insured Employers

If an employer chooses to be self-insured, they are responsible to pay for overall claim costs and a portion of administration costs of L&I's Self-Insurance Program and other costs of related support functions. The administrative assessment is an amount per dollar of claim benefit costs. If benefit costs are increased due to the change in this bill, self-insured employers would be assessed by L&I for their appropriate portion of administrative costs based on the increase. Incremental costs or savings will equal the incremental revenue collected from assessments.

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.

Non-Appropriated – State Fund Benefits Costs

There is non-appropriated impact only to the Accident Account, fund 608, and Medical Aid Account, fund 609. (Non-appropriated costs are not included in the Fiscal Note Summary.) There will be an increase in costs; however, L&I does not have data to accurately predict. Therefore, the impact is indeterminate.

Section 1 of the bill expands death benefits for TNC drivers to include their availability to work, capturing the transition between the actual rides. Work status of a TNC driver, as defined in the bill, now includes available to work when signed into the TNC's digital network, to receive death benefits, when injury occurs to capture the time between actual rides.

Overall impact to benefits is expected to be minimal. It is assumed an on-the-job death rate among TNC drivers is similar to other transportation workers, the cost of this benefit could be about \$60,000 per 1,000 TNC drivers per year, assuming an average benefit of \$397,000 (average fatality pension for all Washington workers).

Appropriated – Operating Costs

There will be minimal costs associated with rulemaking for section 2(3) of the bill and updating/translating communications. L&I will implement the requirements of this bill using existing resources.

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

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 Chapter 296-17 WAC and Chapter 296-17A WAC.