

Individual State Agency Fiscal Note

Bill Number: 2382 S HB PL	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:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.0	0.5	0.3	0.5	0.5
Account					
Accident Account-State 608-1	0	39,000	39,000	68,000	68,000
Medical Aid Account-State 609-1	0	39,000	39,000	68,000	68,000
Total \$	0	78,000	78,000	136,000	136,000

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:	Phone:	Date: 03/05/2024
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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.

See attached.

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.

See attached.

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.

See attached.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
608-1	Accident Account	State	0	39,000	39,000	68,000	68,000
609-1	Medical Aid Account	State	0	39,000	39,000	68,000	68,000
Total \$			0	78,000	78,000	136,000	136,000

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		0.5	0.3	0.5	0.5
A-Salaries and Wages		46,000	46,000	92,000	92,000
B-Employee Benefits		16,000	16,000	32,000	32,000
C-Professional Service Contracts					
E-Goods and Other Services		6,000	6,000	12,000	12,000
G-Travel					
J-Capital Outlays		10,000	10,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	0	78,000	78,000	136,000	136,000

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

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
Management Analyst 4	88,794		0.5	0.3	0.5	0.5
Total FTEs			0.5	0.3	0.5	0.5

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.

See attached.

Part II: Explanation

This bill creates death benefit coverage for Transportation Network Company (TNC) drivers if their death results from an injury occurring when the driver is logged onto the TNC's digital network as available for work, physically inside the vehicle or within the immediate proximity of the TNC company driver's vehicle, and not otherwise covered under the workers' compensation statutes. It also requires the Department of Labor & Industries (L&I) to conduct or contract out for a study using administrative and other available data, and report to the Legislature by July 1, 2029.

SHB 2382 PL is different than HB 2382 in that it:

- Provides legislative intent, including a memorial for specified TNC drivers.
- Specifies that, in addition to being logged onto the TNC digital network as available for work, the driver was also physically inside the vehicle or within the immediate proximity of the vehicle and not otherwise covered under the workers' compensation statutes.
- Specifies that the cost of death benefits shall not be included in the calculation of any individual TNC's experience modification factor.
- Requires L&I to conduct or contract out for a study using administrative and other available data, and report to the Legislature by July 1, 2029.

II. A – Brief Description of What the Measure Does that Has Fiscal Impact

Section 2 creates a new section in Chapter 51.32 RCW, Industrial Insurance Compensation – Right to and Amount. The section requires L&I to pay death benefits in accordance with RCW 51.32.050 when a TNC driver's death results from an injury occurring while the driver is logged onto the TNC's digital network as available for work, physically inside the TNC company driver's vehicle or within the immediate proximity of the TNC driver's vehicle, and not otherwise covered by this title. 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 3 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 2 through risk class rate increases rather than attributing the cost to a single TNC. The cost shall not be included in the calculation of any individual TNC’s experience modification factor.

Section 4 creates a new section requiring L&I to conduct or contract out for a study using administrative and other available data and report to the Legislature by July 1, 2029. The study shall include, but not be limited to:

- The number and frequency of TNC drivers filing claims with L&I who are victims of crime while connected to work through a TNC's digital network;
- Whether those claims were accepted or denied; and
- If denied, the reason for the denial.

The study shall not include remote workers working from their homes. This section expires December 31, 2029.

II. B – Cash Receipt Impact

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

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 2 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 when a TNC driver is logged onto the TNC's digital network as available for work, physically inside the TNC company driver's vehicle or within the immediate proximity of the TNC driver's vehicle, and not otherwise covered by this title.

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

This bill increases expenditures to the Accident Account, fund 608, and Medical Aid Account, fund 609. The following assumptions were used to estimate the resources requested to implement this bill.

Staffing

0.5 FTE, Management Analyst 4, project, for the period July 1, 2024, through December 31, 2029. Duties include managing the data collection required for the study, identifying data elements available as well as the data gaps in the Crime Victims Compensation, Employer Services, and Claims programs, conducting manual claim reviews for workers' compensation and crime victims' claims filed by TNC workers, conducting outreach to these TNC workers to gather data that is not reported to L&I but is required for the report, and creating the required report.

Rulemaking and Communications

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

Indirect Costs

The amount included in this fiscal note for indirect is:

Fund Name		FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
608	Accident	0	1,700	1,700	1,700	1,700	1,700
609	Medical Aid	0	1,600	1,600	1,600	1,600	1,600
	Total:	\$0	\$3,300	\$3,300	\$3,300	\$3,300	\$3,300

The department assesses an indirect rate to cover agency-wide administrative costs. Labor and Industries' indirect rate is applied on salaries, benefits, and standard costs. For fiscal note purposes, the total indirect amount is converted into salary and benefits for partial or full indirect FTEs. Salary and benefits costs are based on a Fiscal Analyst 5 (Range 59, Step G).

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

This legislation would result in rule changes to Chapter 296-17 WAC and Chapter 296-17A WAC.