The 1990 Legislative Session

A Business Success...

Again in 1990, your Association scored spectacular triumphs on behalf of the Washington business community. Health care insurance for small business employees and a moratorium on a new business tax are two of the many accomplishments. Read the entire success story inside this special edition of Washington Business.

Business Proactive Stance

"I believe the Legislature has been more responsive to the needs of business in the last couple years, thanks in part to the active, informed role of the Association of Washington Business. On issues ranging from providing child care and low-cost health insurance for employees to fighting unnecessary tax increases, AWB is working hand in hand with us to stand up for Washington's businesses."

Small Business Health Care

"As an insurance agent, I know that fully half of the people in this state who lack health insurance work for small businesses. A new law, supported by the Association of Washington Business, will make it much easier — and more affordable — for small businesses to ensure the health of their workers. This law is a great example of how the Legislature can help small business and improve Washington's overall business climate."

Small Business Interests

"Small business owners that want to provide health care insurance for their employees now will get that opportunity, thanks to a strong business community drive led by AWB this past session. Those of us in the Legislature who have worked to make affordable health care insurance for small employers become a reality are grateful to AWB for its support."

Puget Sound Water Quality

"AWB played a valuable role in representing the viewpoint of the business community on environmental issues, particularly on bills restructuring the Puget Sound Water Quality Authority and reducing hazardous waste generation. AWB's concern shows that business and environmental interests need not be mutually exclusive."
Positive legislative interaction produces viable business gains

By George Walker, AWB Chairman of the Board

As we opened the decade of the 1990’s, the Association of Washington Business began a new era.

Your board decided that business needed to establish its agenda rather than having others set it for us.

Thanks to the hard work of Jason King, chairman of the 1990’s Task Force, and Bud Coffey and Pati Otley, Governmental Affairs Council chairs for the last two years, the Association councils and committees have successfully initiated our "proactive agenda."

And with a hard-working and skilled AWB staff, we’ve successfully lobbied for enactment of legislation that will enhance our economic climate.

It was AWB that developed the small business health care bill, coordinated the growth management legislation and lobbied the computer software bill—all of which you’ll read about in this issue.

AWB developed productive working relationships, not only with traditional allied organizations, but with our occasional adversaries.

Your Association worked with education and labor groups to help pass a comprehensive study of our state’s vocational education system. We’re pushing for changes to enable our workforce to be trained and retrained so that business has a reservoir of skilled employees.

AWB didn’t ignore the bad bills either. It killed a bevy of measures that were harmful to business. We recognized that other interests continue to advance their agendas and that our job is to protect business.

Much of the credit for our success goes to our members. This year, we hired a public affairs director, Beverly Woods, to coordinate grassroots input from our chambers, associations and small business community.

The testimony provided by business owners, calls and letters from members, and personal visits to legislators made a big difference this year. Without your help, we would not have been nearly so successful.

AWB conducted member district meetings around the state. Many of you can’t come to Olympia, so it is important for us to share with you what is happening and for you to give us your ideas.

As we look to 1991, we want you more involved. The issues of the 1990s are complex and costly. They require your participation. Without your interest and assistance, you and your fellow business owners will lose competitive ground in Washington.

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Dear AWB members:

The Association of Washington Business and state government share a mutual interest in the well-being of this state, but all too often we have taken different paths. At long last, however, a partnership is emerging that ultimately will bring better results for us all.

The long-term vitality of the state’s economy depends on a variety of factors. In addition to the usual business-recruitment efforts, we need good schools and roads, a well-trained workforce, a clean environment and adequate medical care. I appreciated the AWB’s support this year for the executive request bills we propose in these areas.

As a result of working together, we now have a training-retraining pilot project, a hazardous waste reduction program, reforms in the personnel system, new revenues for the transportation system and, most importantly, a strong investment in children’s programs. The AWB also was a responsible participant in the growth-management bill that will lead to sensible land-use planning in burgeoning areas of the state.

Washington is facing many challenges in the coming months and years, and it’s important that we adopt a cooperative, well-balanced approach to resolving them. I welcome the AWB’s involvement and look forward to an even closer relationship in the future.

Sincerely,

Booth Gardner
Governor

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Growth Management

The Legislature took a giant step toward managing growth in this state," commented Association of Washington Business Vice President Enid Layes shortly after legislators passed a landmark growth management bill and adjourned a special session of the Legislature.

"We realize this bill is just the first step - not the final product - and that we'll probably be dealing with the growth issue for the next decade," said Layes. "But the business community fully intends to meet that challenge."

The AWB executive was the lead coordinator for business during negotiations which led to agreement on a final bill.

The measure requires 12 fast-growing counties and their cities to adopt comprehensive land-use plans by July 1, 1993. They also have been given authority to charge developer fees to offset the increased traffic and higher school enrollments generated by the building projects. Local governments also can impose a one-quarter of 1 percent real estate excise tax toward paying their share of system infrastructure.

Business consensus

Layes emphasized that the final bill was the result of input not only from environmentalists and local governments, but from the broad-based employer community: the forest products industry, agriculture, retailers, manufacturers, and commercial and residential developers.

Lobbyists who were part of the business steering committee on growth management included Linda Christophersen, Dick Ducharme, Denny Eliason, Ron Gjerde, Jim Halstrom, Greg Hanon, Al Ralston, Duke Schaub and Michael Tracy.

Reaction

Duke Schaub, representing Associated General Contractors, calls the growth management bill "the most comprehensive legislation passed since the State Environmental Policy Act in the early 70s."

"The bill is visionary in its conceptual approach of dealing with future growth," says Schaub. "We believe the Legislature has done an extremely good job in taking the first step."

Denny Eliason characterizes the growth management plan as "a positive beginning to a very complex and difficult issue that we're going to be dealing with for the next several years."

Lobbyist Mike Tracy is reserving judgment. "This is a really big piece of legislation that affects a lot of things and I think that until it is put into practice, the jury will be out on what its overall impact is going to be." But Tracy concedes the bill that passed "was the best we could do with the time allotted and the way in which it was run."

Jim Halstrom saluted "the collective efforts of the entire business community" on passage of the bill.

"This wasn't just developers and builders working within the AWB framework," Halstrom observed, "the entire business community addressed the issue."

"We gave away a lot during the negotiating process," says Halstrom, "and the bill is not perfect. But we have high hopes that the problems we all face will be resolved more appropriately in the future through implementation of the legislation."
Hazardous Wastes

Productive negotiations before the start of the legislative session over the elements in a hazardous waste reduction bill served as the foundation for a measure that passed the Legislature in 1990.

Unlike efforts by legislatures in Massachusetts, California and Oregon where earlier bills were passed, the Washington hazardous waste reduction law came about through pre-session negotiations, which were arranged by the governor’s office and the Department of Ecology.

All the leading players - business, environmentalists and legislative leaders - were invited to the table to contribute input toward the bill’s composition. Compromise on most of the main points was reached in an atmosphere devoid of political wrangling.

AWB represented the business community during the drafting of the initial bill drafts.

Bill Alkire, program manager for DOE’s Office of Waste Reduction, observed: “AWB did a really good job not only for their constituents, they did a good job in helping in general to get the legislation passed.”

Alkire noted that most complicated legislation arrives in its final form only after a long process of give and take among the various factions.

“AWB wanted to see something passed this year,” Alkire said. “It takes compromise to get there and they recognized that. AWB Governmental Affairs Manager, Collins Sprague in particular worked hard at trying to achieve compromise.”

The final result was HB 2390, a measure with an announced goal of cutting in half the amount of hazardous wastes produced in this state by 1995.

Bill’s backers satisfied

The hazardous waste bill, introduced at the request of Gov. Booth Gardner by Rep. Nancy Rust, D-Seattle, aims to reduce the 23,000 tons of hazardous wastes annually produced in this state by requiring major generators of hazardous wastes and users of hazardous substances to develop plans for reducing their wastes on a five-year implementation schedule.

“It’s something we really should have been doing all along because we’ve been worrying a lot about pollution at the end of the pipe,” Rust said of the reduction plans. “This bill is going to start us talking about stopping pollution in the first place by reducing the use of toxic substances and by changing manufacturing processes so that we have less to deal with.”

In signing the bill, Gov. Gardner called the new law one of the most comprehensive in the nation. The new act is in some ways stronger than Oregon legislation that was touted as a model for the nation when it was adopted last year, Gardner said.

Rep. Duane Sommers, R-Spokane, believes the bill will benefit owners of small businesses that generate hazardous wastes.

“I think industry needs a commitment to reducing hazardous waste and I hope this bill will spur small businesses toward providing greater protection for the environment by developing more efficient manufacturing processes,” Sommers commented.

Company protection

Under terms of HB 2390, a company’s progress reports on the implementation of cleanup plans must be open for public inspection. However, AWB asked for and received guarantees in the bill that a firm’s proprietary information will be kept confidential.

Continued next page...

Mandated Health Benefits

The Association of Washington Business successfully opposed legislative attempts to increase employer’s costs for employee health care insurance by working to defeat bills requiring additional mandated benefits.

With the help of AWB and interested health care providers, these bills failed to survive the 1990 legislative session:

- SB 6374, sponsored by Sen. Ray Moore, D-Seattle, requiring employer group health insurance policies to provide coverage for medications used with dialysis.

Continued next page...
Hazardous Wastes

“Getting that concession was an important one to our industry,” said George Bissonnette, environmental manager for John Fluke Manufacturing Co., Everett.

“One of the best features of the final bill was maintaining the proprietary information in the full waste reduction plans,” Bissonnette recounts. “If they were going to consider this information to be a public document, a company would have to declare it off limits to public scrutiny because of trade secrets protection.”

Fluke and other manufacturers were spared the trouble of invoking this cumbersome process because language developed by AWB was made part of the final bill draft.

Mandated Benefits

the scope of chiropractic care, thereby impacting health care and industrial insurance costs.

This last bill, according to an interpretation by the state Department of Labor and Industries, would have given chiropractors the authority to treat patients’ extremities in addition to backs which they are now allowed to treat.

L & I’s main objection to increasing the scope of chiropractic treatment to injured workers is the cost: Murphy estimated the department would have to pay out nearly $2 million a year more in chiropractor fees, or about 10 percent of the almost $20 million annually disbursed to chiropractors for treatment covered by industrial insurance.

“Our medical director (Dr. Gary Franklin) has the belief that this is a time when everyone is trying to get control of medical costs,” says Murphy. “It’s not wise to talk about increasing the scope of practice for anybody - doctors or chiropractors or any other group that provides medical services.”

In conclusion, Murphy observes: “Employers are looking for proof that treatment works and that it gets people back to work. If you can prove that, you’re more likely to get (additional) services provided.”

Lockout

Despise a strong campaign mounted by organized labor, the business community presented a united front and managed to repel an attempt to undo a negotiated settlement reached in the Legislature and signed by the governor in 1988.

The current dispute arose over HB 2432, sponsored by Rep. Mike Heavey, D-Seattle. The measure would allow employees in a multi-employer bargaining unit to draw unemployment compensation benefits if they are locked out of their jobs following a strike against one of the employers in the bargaining unit.

The bill was introduced at the behest of union leaders who were dissatisfied with the outcome of a strike last year against major grocery store chains. After management-labor negotiations dissolved, the union struck one chain. Other employers in the multi-bargaining unit then locked out their employees. Under terms of the 1988 settlement, these workers were not eligible to draw unemployment benefits.

Opposition in Senate

As expected, HB 2432 sailed through the Democratically-controlled House but encountered major resistance when it received a hearing before Sen. Eleanor Lee’s Economic Development and Labor Committee.

Clif Finch, governmental affairs manager and general counsel for AWB, reminded committee members of the negotiated settlement reached by all concerned parties after a work stoppage at Lockheed Shipbuilding in Seattle in 1987.

“That settlement became law and provides a good balance for both business owners and workers: employees have the right to strike and employers have the right to lock out,” Finch said. “That balance should not be tampered with.”

Angelo Bruscas, vice president of industrial relations and human resources for Associated Grocers, also encouraged the Senate panel to honor the negotiated agreement.

“Both sides bargained in good faith to get this law and serious trades were agreed upon which impacted all types of employees,” Bruscas testified.

Other business participants in the debate over HB 2432 included Jan Gee, Washington Retail Association, who led the lobbying effort; and Matt Lynch, labor relations attorney with Washington Employers, Inc.

Sen. Lee allowed the bill to die when it became apparent that there were not sufficient votes to move the measure out.

HB 2432, allowing payment of unemployment compensation benefits to locked-out workers, passed the House of Representatives on a 56 to 41 vote. Among the 41 House members who supported business and a previously negotiated agreement by voting “no” were (standing from left) Reps. Clyde Ballard, John Beck, Sally Walker and (seated) Curt Smith.
Workforce Training

Legislation to determine the training needed by Washington's workforce to meet the demand for skilled workers over the next 20 years has been signed into law by Gov. Booth Gardner.

Introduced by Sen. Eleanor Lee, R-Seaforth, at the request of Gardner, SB 6411 carried the solid endorsement of the Association of Washington Business and several key executive and legislative leaders.

Sen. Lee guided the bill through the Senate Economic Development and Labor Committee which she chairs. Other committee leaders on this issue included Sen. Jerry Sale, R-Spokane, and Sen. Bill Smitherman, D-Tacoma.

Rep. Shirley Rector, D-Spokane, the prime sponsor of the House version of the bill, was one of the Senate bill's staunchest supporters in the House when the measure arrived there for consideration.

Stan Marshburn, assistant director of the Office of Financial Management, led the Governor's team on the bill.

Bill provisions

Under the bill, the governor's budget office will conduct a comprehensive study of the training needs of the state and four pilot training projects will be launched.

One phase of the study will evaluate current training programs and recommend how those programs can be improved.

Another part of the study will assess the competency of the existing workforce and the skills needed by businesses, then determine where gaps exist between workers' capabilities and the needs of industry. In addition, recommendations will be made on the governance of vocational education programs.

AWB leaders endorse concept

During the public hearing phase of the bill's passage, AWB Vice Chairman Larry Stanley cited a recent survey of employers that indicated many of their workers were deficient in oral communications and problem solving. A large segment of employees don't have the ability to work with others, follow directions or adapt to change, the poll revealed.

“Our educational system, all the way through higher education, is not providing these basic skills,” Stanley concluded during testimony before the Senate Economic Development and Labor Committee.

Gov. Gardner's "Investment in Human Capital" proposal also drew a favorable response from AWB President Don Brunell who testified before House and Senate committees.

"AWB's attitude is to solve the problem as quickly and as thoroughly as possible with targeted training and retraining programs that are cost-effective and, upon evaluation, show they make a difference," Brunell said.

Advisory committee

To work with the state and make recommendations on the training study and pilot programs, the bill establishes an advisory committee.

Continued next page...

Workforce Analysis

Sen. Eleanor Lee believes that the comprehensive study of training and retraining needs is needed to provide a changing workforce with the skills needed to meet the work force of the 21st century.

"One of the strengths of the bill is that business and labor are making the decisions with the advice of state agencies and education and training providers," says Lee, R-Seaforth.

Lee sponsored the bill at the request of Gov. Booth Gardner and shepherded it through the Senate Economic Development and Labor Committee which she chairs.

"When the recommendations of the study group come back to us, they'll have a certain credibility because they're not coming from the same groups that have been providing vocational training within their own jurisdictional limits for years.

"For at least the last 30 years in this country, we've observed, 'We said it was perfect for those kids, if someone didn't have a high school diploma. They could still be a productive citizen and earn a good living for their family.'

"But today, there are a declining number of jobs available for these citizens, says Lee.

"People today must have basic math, reading, writing and comprehension skills. We've got a huge segment of our existing workforce that doesn't have the kind of skills they need for retraining.

"Supporters of SB 6411, including the Association of Washington Business, are hopeful the bill will highlight what programs exist or should be created to meet this remaining demand.

"The quality of the report (from the study group to the Legislature) is crucial," Lee warns. "If it simply comes back and says 'Here's our recommendation: Go forth and do good things, without some kind of phased plan for implementation and funding, the suggestion is that we will not have passed another empty plow law.

"But Lee doesn't expect that to happen. "The need is not urgent, I don't think there are many business owners in this state who aren't finding that they need employees with better basic skills so that they can be trained for the more highly technical skills that the world economy demands."
Workforce Training

appointed by the governor with six voting members, three representing business and three representing labor. The committee’s chair, who will be a non-voting member, will also be appointed by the governor. In addition, the committee will have 13 non-voting members representing state agencies and community groups.

Business-Labor Roundtable

AWB’s support of increased worker training was not limited to the legislative arena. On Feb. 26, AWB and the Washington State Labor Council co-sponsored an all-day roundtable discussion on this state’s “Investment in Human Resources.”

About 70 business and labor leaders participated in workshops and arrived at recommendations that were forwarded to Gov. Gardner.

At the top of the list was a recommendation that a labor-management advisory group be assigned a stronger role in the inventory of existing vocational education programs authorized by the Legislature as part of SB 6411.

The roundtable also insisted that the study must be solution-oriented and include an evaluation of why past study recommendations have not been adopted. OFM moved quickly to include these concerns in the study proposal.

Employment Security Commissioner Isiah Turner praised the joint efforts of business and labor to become more actively involved in good vocational education programs as one way of ensuring an adequate supply of trained workers in the future.

Vocational education

In a related legislative arena this year, AWB supported the passage of SB 5545, which establishes the State Board for Vocational Education as the successor agency to the Commission for Vocational Education. The business community is represented on the board by Dale Boone, who was nominated for gubernatorial appointment by AWB.

Computer Software Study

Companies that use computer software - and that’s virtually every business in the state - gained a reprieve from a potential new personal property tax when a measure staunchly supported by the Association of Washington Business cleared the Legislature and was signed by the governor.

AWB, aided by the American Electronics Association and the Washington Software Association, led a public awareness campaign and lobbied the Legislature on behalf of individual businesses, major law firms and software manufacturers. The dividend came with the passage of SB 6859.

At issue was a recent Washington state court ruling. While acknowledging that courts in nearly all states considering the subject have held computer software as an intangible, the State Board of Tax Appeals ruled in 1989 that computer software was taxable because it did not fall with the list of exempted intangibles.

In light of that decision, at least three Washington counties either began taxing software or announced

Continued next page...
Computer Software

their intention to do so.

Legislative study

SB 6859, as signed into law, calls for a study to determine if computer software should be subject to taxation. Representatives from business and government will conduct the study and report to the Legislature by Nov. 30, 1990.

Meantime, county assessors are directed to list and assess software in the same manner as they did for taxes due in 1989.

Department reaction

The Department of Revenue (DOR) welcomes the study, according to Sandi Swarouth, deputy director of tax policy and administration.

"There's been a lot of confusion about how the property tax should apply - or whether or not it should apply - to computer software," Swarouth explained. "It's such a complicated area that we're real glad to have the opportunity to pull a lot of experts together, particularly business people, to talk about valuation of software and provide some information to legislators so they can make their decision."

Layes speaks for business

AWB Vice President Enid Layes was able to convey the business position to legislators at public hearings scheduled by two powerful committee heads: Sen. Dan McDonald, R-Bellevue, chairman of the Senate Ways and Means Committee, and Rep. Art Wang, D-Tacoma, chairman of the House Revenue Committee. McDonald was the sponsor of the bill.

Not only is it difficult to tax software uniformly as required by the state constitution, Layes argued, the dilemma is compounded when companies buy stock software and customize it to fit their needs.

Layes also speculated that Washington companies with large computer operations and investments may consider moving those operations outside the state if an added tax is imposed.

Fairness for all

A tax that may be unreasonable and possibly discriminatory should be carefully studied, Layes cautioned lawmakers, because the economic impact on business could be devastating.

DOR's Swarouth agrees. "The

AWB, aided by the American Electronics Association and the WA Software Association, led a public awareness campaign and lobbied the legislature on behalf of individual businesses, law firms and software manufacturers.

Three members of the AWB General Taxation Advisory Committee (GTAC) who helped draft a business response to a proposed tax on computer software were (l to r) Ron Yamamoto, The Boeing Company; Fred Robinson, Carney Stephenson, ei al. and GTAC chairman; and Dan Sullivan, Sundstrand Data Control.

Department hopes that we will end up with the ability to achieve fairness and statewide uniformity in the application of the property tax to computer software."

Gainful Employment

Thanks in large part to the united efforts of two strong business lobbying groups, a bill that could have wreaked financial havoc on the workers' compensation system was defeated this year.

Clif Finch, representing the Association of Washington Business, and Melanie Stewart, lobbyist for the Washington Self Insurers Association, waged an informational campaign against the dangers of HB 2695 that led to the bill's eventual demise.

Sponsored by Rep. Max Vekich, D-Cosmopolis, the bill removed the current limitations on vocational rehabilitation costs for workers receiving workers' compensation benefits.

Finch and Stewart pointed out during committee testimony that until cost controls were ordered by the 1985 Legislature, Washington was wasting over $25 million a year on vocational rehabilitation costs - with no significant benefit to the workers.

Finch praised recent reforms undertaken by the Department of Labor and Industries. "In the last 10 months, the Department has started to build accountability in the vocational rehabilitation system as the first step toward significant reform," Finch testified. "It would be a mistake to undermine those efforts now."

After passing the House, the bill languished and died in the Senate Rules Committee.
State Employment Revisions

Changes in personnel policies authorized by the 1990 Legislature will enable state government to more parallel private enterprise practices in the hiring, promotion and retention of qualified managers.

The Association of Washington Business supported the passage of HB 2567, a bill requested by Gov. Booth Gardner.

Joe Dear, director of the Department of Labor and Industries (L&I), acted as point man for the Governor as the measure moved through the legislative process.

According to Dear, the bill effects changes so that 177 previously classified civil service positions are now exempt.

"That means that people can be hired or fired based strictly on ability and performance," Dear explained.

"This will greatly help agency directors to quickly move people who are well qualified into jobs or move them out if they are unsuccessful."

Another section of the bill doubles the size of the state's Career Executive Program, which provides education and training for managers at middle and senior levels. The program will expand from 380 to 760 positions out of total management core of about 4,000 employees.

"These two bill elements mean a significant increase in the ability to train and develop leaders, and to better hold management accountable," Dear said.

The L & I director said AWB's support of the bill was essential to its passage.

"Don Brunell, Enid Layes and particularly Collins Sprague were just super. They had to explain the virtues of the bill to some people we always assumed would be very sympathetic, and they were very effective in doing that."

When asked if Gov. Gardner is planning to push for additional reform in the state personnel system, Dear replied: "There's nothing like achievement to increase the desire for more success. The Governor expects his cabinet to develop more proposals for further changes in the state civil service system and we will bring back new proposals in 1991."

"We will be looking to the business community and AWB for more support in those efforts," Dear concluded.

Collins Sprague (third from left), AWB governmental affairs manager, was the only business representative present at the official signing of HB 2567, a bill granting state agency managers more latitude in personnel selection.
Business Issues Roll Call

The publishing of a legislator’s votes on key issues is often a controversial decision at AWB. The Governmental Affairs Council has determined that the votes contained on these pages are significant indicators of support or opposition to general business interests by state legislators.

Please note that the record does not necessarily reflect the most important issues from the 1990 session, nor those issues for which there was overwhelming consensus. The legislative process is such that most critical disputes are resolved by compromise or the bills die in a legislative committee before they ever come up for a vote.

These particular votes were selected because they were controversial, and required legislators to choose to support business (AWB), or to oppose business. While a legislator may have sponsored and voted for a number of bills good for a particular business, unless she or he supported general business (AWB) on the close votes, the enclosed record may not reflect well for that legislator.

House Votes

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Senate Votes

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Voting Record Key

y - Denotes "yea" vote
n - Denotes "nay" vote
e - Excused
## Business Issues Roll Call

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Small Business Health Care

Small business owners who wish to purchase health care insurance for their employees at a reasonable price will have the opportunity, beginning June 7.

Gov. Booth Gardner has signed into law SB 6834, a measure intensively lobbied by the Association of Washington Business and passed with overwhelming majorities in both the House and Senate.

"SB 6834 will help close the gap on the number of uninsured in our state by offering benefit plans at a reduced cost," predicts AWB's Woods who led the grassroots effort for the business community to make the legislation become a reality.

The bill, sponsored by Sen. George Sellar, R-East Wenatchee, permits the creation of flexible health insurance plans, for small groups of 25 or less only, that may exclude some or all state-mandated benefits.

Given this flexibility, said insurance company representatives who testified, they may be able to offer plans for as little as $60 a person that even include some of the mandates such as mammography. Without this flexibility, the cost per person is $90 to $100 a month.

Industry reaction

"We're very pleased to be able to have the flexibility to design a package of benefits that meets the specific needs of small business," says Mel Sorensen who represents King County Medical/Blue Shield and its related plans and Blue Cross of Washington and Alaska.

"We have long recognized the difficulties that mandated benefits have posed for small business," says Sorensen. "A significant portion of Washington residents without access to health insurance come from working families. Many are employed in small businesses and it is our hope that this mechanism will provide us with the ability to extend the product to them."

Others involved in the successful lobbying effort included the Health Care Purchasers Association of Puget Sound, represented by the firm of Halstrom & Associates; and industry lobbyists Basil Badley and Don Brazier.

Substantial savings

"SB 6834 will help close the gap on the number of uninsured in our state by offering up to a 40 percent reduction in cost," predicts AWB's Woods who led the impetus from the business community to make the legislation become a reality.

Like Sorensen, Woods believes that a large number of the uninsured in Washington are employed by small businesses. The most often cited reason for lack of coverage is the employer's inability to afford a benefit plan.

Conditions of Employment

Nearly every employer has been faced with the problem of requiring some employees to work overtime due to unexpected absences by other workers, approaching production deadlines, unforeseen schedule changes or economic necessity.

That employer prerogative was preserved during the past legislative session in part because of the strong stand adopted by the Association of Washington Business.

Although AWB was instrumental in killing the bill this year, its supporters have vowed the bill will be back next year.

HB 2916 was introduced by Rep. Margarita Prentice, D-Seattle, in response to a strike last year against The Boeing Company by workers who based part of their grievances on mandatory overtime.

The bill would prohibit employers with more than 25 employees from

Continued next page...
Health Care Access

The 1990 Legislature, with strong encouragement from the Association of Washington Business, rejected the idea of creating a commission to study how a single payer health care system for all state residents could be created and implemented. Instead, the state will embark on a three-year, $200,000 study of problems of health care costs and availability.

Under terms of a resolution passed by both houses, a 17-member commission will be formed to consider ways to contain rising medical costs and how to provide health care coverage for the estimated 750,000 Washington residents without health insurance.

Commission members will include representatives from business, health care providers, employee organizations, senior citizens, state government and the public.

“The study holds a great deal of promise and AWB members and everyone else need to get involved so the promise can be achieved,” says Featherstone Reid, senior executive policy assistant with the Office of the Governor. “The potential is great.”

HCR 4443 directs the commission to submit an initial report to the Legislature and governor by Dec. 1, 1990, and a final report by Nov. 1, 1992.

Universal health care

The resolution was in stark contrast to a proposal early in the session that would have set up a commission to develop and implement a universal health care system.

Rep. Dennis Braddock, D-Bellingham, was the sponsor of HB 2252. It created a plan similar to one in British Columbia whereby every state resident would be eligible for health care under a system coordinated by state government.

Financing under Braddock’s plan would come from employer contributions, individual premiums, and state and federal contributions. Private insurers would be barred from providing services covered by the plan, although they could cover procedures not included in the state-administered plan.

Business opposition

The business community is unwilling to support the Braddock proposal, testified AWB Vice President Enid Layes during legislative hearings.

“We’re not ready to endorse a single payer system because we’re not convinced it will save money or provide any better benefits...The members of AWB want to take part in any discussions that take a comprehensive look at alternative solutions.” — Layes

Conditions of Employment

requiring a worker to put in more than eight hours a day or 40 hours a week unless an exemption was granted. It also required doubletime pay for all time worked in excess of 12 hours in a workday. Another provision would require employers to authorize a minimum of four hours of pay to any employee called in to work.

Employer’s defense

“One labor dispute should not drive labor policy for the state of Washington,” commented AWB lobbyist Clif Finch during committee hearings on the bill.

If companies cannot require their employees to work overtime to meet critical production schedules, Finch maintained, the only recourse may be to have a pool of part-time workers standing by to work. Such a move could eliminate some full-time positions, Finch warned.

Despite strong Republican opposition, the bill easily passed the House with its two-to-one Democratic majority. However, the measure died in the Senate Economic Development and Labor Committee when there was insufficient support to bring it up for a vote.

Another bill regulating hours of work cleared the House Commerce and Labor Committee but was not scheduled for a floor vote. HB 2363, sponsored by Rep. Dick King, D-Everett, defined the basic work week for all but exempt employees as an 8-hour day, 40-hour week. Employees could be required to work up to two hours overtime if 10 hours had elapsed since the end of their last shift.
coming to grips with the crisis in health care,” says Braddock. “Costs are running very far ahead of normal inflation which is creating great difficulties for everyone, particularly small businesses.” Braddock agrees the study which the commission will undertake isn’t as drastic a move as his universal health plan toward solving health care access.

“It’s going slower than I’d like to see it go, but something had to be done.”

**Payroll tax**

Another failed health care plan and one opposed by AWB was sponsored by Sen. Phil Talmadge, D-Seattle.

SB 6229 would have expanded the Basic Health Plan to cover all state residents with incomes below 200 percent of the federal poverty level. The expansion would be financed by a payroll tax on employers, with a tax credit to those employers providing employee health insurance.

The Basic Health Plan is a low-cost state insurance plan for low-income, uninsured residents. Its benefits are limited, but include doctor visits, hospital services, emergency care and some preventive services for children and pregnant women.

**Senate version**

Yet another proposal for addressing the health care issue was contained in SB 6270, sponsored by Sen. Jim West, R-Spokane and endorsed by AWB.

Under West’s bill, a task force appointed by the governor would analyze the access problem, review the effectiveness of recent innovations, examine what other states are doing in the field, and recommend a plan that would ensure the availability of basic health care services for all state residents.

Though his bill didn’t pass the Legislature, West supports the resolution which did. Both have similar goals and mechanisms for reaching them. Especially important, says the Spokane Republican, is the participation by the business community.

“I think business owners have to be involved in the process because they are going to be asked to cover their employees with health care insur-

ance, which many of them do now,” says West.

West warns that “if some people have their way, business could be funding health care insurance by increased employer taxes for medical care, similar to what we do now for unemployment insurance and workers’ compensation.”

**Compromise**

Adoption of HCR 4443 was an acceptable compromise supported by AWB. As Layes observed during earlier committee testimony, most AWB members are either providers or purchasers of health care services and have a vested interest in the outcome of a health care study.

**Electronic Funds Transfer**

Some of the state’s larger taxpayers soon will be forwarding their monthly tax payment to the Department of Revenue (DOR) by means of an electronic funds transfer (EFT). That’s the result from passage of HB 2344, introduced by Rep. Art Wang, D-Tacoma, following a recommendation from the governor’s Efficiency Commission that the tax collection process within DOR be expedited.

Although AWB had no official position on the bill, Vice President Enid Layes negotiated with DOR officials over certain provisions in the measure.

Under the bill, taxpayers with an annual tax liability of $1.8 million or more are required to pay taxes through an EFT process, beginning Jan. 1, 1991. Smaller taxpayers will be phased into the new process over a period of time.

EFT payments are made electronically from one financial institution to another, eliminating the need to write, mail and process a check and reducing the time required to effect the transfer of funds.

“The Department is very pleased with passage of this legislation,” said Russ Brubaker, DOR’s governmental affairs officer.

Brubaker thinks EFT will increase the efficiency of tax collections and, “down the road, we’ll see benefits to both government and business in terms of streamlining tax operations.”

“We were very happy about how cooperative and helpful AWB was during the whole legislative process,” Brubaker concluded.
Wetlands Preservation

Negotiations on a wetlands bill broke down in the final days of the special legislative session when environmentalists, agriculture, local governments and business interests couldn’t agree.

AWB President Don Brunell, was one of the business and agriculture negotiators working on wetlands draft legislation. Brunell said negotiations collapsed when agreement could not be reached on issues such as:

- Allowing King and Snohomish counties to develop their own wetlands legislation without conforming to state law, and
- Including small marginal wetlands in the omnibus bill.

Earlier in the special session Gov. Booth Gardner attempted to fashion a compromise version of the bill which passed the House.

The Administration’s version would have grandfathered King and Snohomish counties if they adopted their ordinances before July 1, 1990, and would have required mitigation or replacement of many wetlands (Class III) of questionable importance.

Agriculture interests wanted all marginal wetlands (Class III and IV) exempt from the legislation even though the bill specifically excluded ongoing agricultural operations. Farmers wanted the ability to buy additional agriculture property to put into production without being subject to the provisions of the bill.

Despite business’ efforts to get a consistent and workable statewide standard, the counties and environmental groups resisted.

“All we wanted was a reasonable and consistent law that would protect wetlands while allowing responsible growth for agriculture and business,” Brunell said.

Counties, particularly Snohomish, wanted the freedom to write their own ordinances that only generally complied with a wetlands law.

“That would be like letting the fox guard the chicken house from inside the pen,” Brunell added.

Environmental organizations wanted statewide protection for all wetlands regardless of size or class. They specifically objected to exempting agriculture from the provisions of the act and wanted stiffer compliance for all business.

Under the legislation, there were four wetland classes ranging from

"All we wanted was a reasonable and consistent law that would protect wetlands while allowing responsible growth for agriculture and business...Environmental and business interests worked with the Governor and the Legislature in good faith hoping to develop a bill that would be acceptable.” — Brunell

Class I—wetlands of statewide significance such as the Nisqually Delta—to small parcels that only contain water during rainy seasons. They would have been classed as IV.

Environmentalists have refiled their growth initiative which folds wetlands protection into growth controls. Meanwhile, Snohomish and King counties continue to develop their wetlands ordinances.

“Environmental and business interests worked with the Governor and the Legislature,” Brunell said. “It’s disappointing to come close but not produce a responsible bill.”
Puget Sound Water Quality Authority

The state agency charged with directing the cleanup of Puget Sound has been given a new lease on life, albeit with some internal changes advocated by the Association of Washington Business.

HB 2482, approved by the Legislature, continues the Puget Sound Water Quality Authority (PSWQA), which had been scheduled to go out of existence in 1991.

The PSWQA legislation requires that the agency move from Seattle to Olympia and that the Department of Ecology (DOE) director become chairman of the 11-member Authority. State agencies and local governments will be required to implement portions of the master plan for cleanup of Puget Sound, but other plan components will be advisory.

The administrative structure changes were supported by AWB to give businesses a clearer sense of the source of regulatory policy.

Favorable responses

Passage of the bill was praised by those who worked hardest to make sure the Authority continued its function.

"Last year the debate in the Legislature was on whether the Authority was going to continue," said Gov. Booth Gardner, who requested introduction of the bill. "This year, we ensured it will continue and that it will work in concert with the Department of Ecology and other agencies to implement the water quality management plan for the Sound."

Rep. Lorraine Hine, D-Seattle, negotiated an important compromise between business and environmental interests who were divided over the issue of the Authority’s autonomy.

"I think all of us who supported the bill hope that this will give us the tools to achieve our goal of a clean Sound while maintaining a good, cooperative relationship between the business community, the citizenry and government," Hine reflected.

Another positive note was sounded by Rep. Sally Walker, R-Tacoma.

"I like the idea that there is a whole separate division of DOE that does nothing but look at the environmental health of Puget Sound and make recommendations about cleaning up where necessary and preventing any further pollution of the estuary."

Collins Sprague, AWB’s governmental affairs manager who represented the Association during discussions on the bill, called HB 2482 a "well-crafted, reasoned and fine-tuned piece of legislation."

"I think all of us who supported the bill (HB 2482) hope that this will give us the tools to achieve our goal of a clean Sound while maintaining a good, cooperative relationship between the business community, the citizenry and government." — Hine

Miscellaneous Labor Measures

The Association of Washington Business became involved with several bills in the human resources field which, while not generating much attention, were nevertheless important to employers. Those bills which passed the Legislature and were supported by AWB included:

- HB 2426, which made a number of technical changes affecting unemployment insurance. One change eliminates the rate penalty for delinquent employers who agree to a deferred payment plan. Another limits the benefit charge reviews to the 12-month period immediately preceding the computation date.
- HB 2485, which permits workers' compensation self-insurers with a net worth of $500 million or more to deposit an irrevocable letter of credit instead of a bond or other security.
- HB 2529, which allows the Department of Labor and Industries to appropriate $1.3 million from the workers' compensation state fund to pay for a new one-year pilot program. The Safety and Health Assessment & Research Program (SHARP) would blend the resources of two separate department divisions - the industrial insurance division and the workplace safety division - to forecast and address emerging medical and technical issues in the workplace.

Because of the progress shown by the Department in medical cost con-

Continued next page...
Transportation Funding

Legislation that will raise more than $1 billion to meet the state's transportation needs was approved by the Legislature and signed by Gov. Booth Gardner.

Most of the $1 billion in revenue-funding dozens of transportation projects across the state - will be raised over the next five years with a four-cent increase in gas taxes which took effect April 1 of this year and a one-cent increase April 1 of next year.

Revenue will also be raised through increases in the gross weight fees paid by truckers, plus a surtax and transfers from the motor vehicle excise tax.

The governor also signed HB 1825 for the planning and development of high capacity transportation. The bill includes authorization of local funding to expand high occupancy vehicle lanes and to pursue alternatives to highway construction, such as light rail and exclusive bus lanes.

To help local governments solve their transportation problems, the revenue bill allows local option taxes. Local governments can add a fuel tax of 10 percent of the state fuel tax, with voter approval. They can also increase vehicle registration fees and commercial parking fees, both subject to referendum. A new street utility tax is also allowed.

With voter approval, King, Pierce and Snohomish counties can tax businesses up to $2 a month per employee to build high-occupancy vehicle lanes.

Improved safety

"We have taken an important step toward a safer highway system, and we have set in motion the means to meet our state's transportation needs in the future," said Gardner.

Signed the transportation bill. In Western Washington, the bill will fund improvements in the First Avenue South Bridge in Seattle, where accidents have taken 11 lives over the past five years, and State Route 18 from Auburn to I-90, which has seen 30 fatalities and 1,715 accidents in the same time period.

The legislation also will allow the passenger-only ferries to resume service on Puget Sound and eliminate the need for future tolls on the Hood Canal Bridge.

Gardner said the highway improvements throughout Eastern Washington bill will result in better farm to market roads. The bill also will provide relief to congestion on Spokane's North/South Corridor and allow the tolls to be removed from the Maple Street Bridge.

Miscellaneous Labor Measures

tainment, AWB supported SHARP and its announced goals of documenting unnecessary medical treatment and identifying workplace injury or disease patterns at an early stage.

Failed legislation

Legislation opposed by AWB which died included:

■ HB 2407, which would have prohibited workplace safety programs that made a worker's reward contingent on the safety performance of another worker.

■ HB 2788, which would have imposed a civil penalty for violation of the minimum wage and wage claim laws, including general overtime and back wages laws. The penalty would have been the higher of $1,000 or 20 percent of the wage violation.

■ HB 2486, which would have required health care providers to offer part-time employees a chance to participate in the group plan covering a company's full-time employees.

Other bills

AWB supported several other human resources measures which eventually died in the Legislature.

Sen. Ann Anderson, R-Acme, in addition to the leadership role she took on all employment law issues as vice-chair of the Senate Economic Development and Labor Committee, sponsored legislation which would have clarified the definition of what constitutes an independent contractor under the workers' compensation laws.

Sen. Mike Patrick, R-Renton, took the lead on a major small business workers' compensation issue, group self-insurance.

Other bills that died addressed expanded claims management involvement for retrospective rating employers and problems in the prevailing wage system.
Who Makes the Rules?

The hard work of AWB does not end with the legislative session," according to Association Vice President Enid Layes. "In truth, we work just as hard during the interim between sessions, not only preparing draft legislation for the coming year, but monitoring the important rule-making phase that follows each session," Layes said.

Layes is referring to an established, yet virtually unknown part of the lawmaking procedure: writing rules to accommodate new legislation.

Essentially, the Legislature passes a bill that then becomes a law. The state agency assigned jurisdiction must adopt rules that allow it to implement or enforce the new law. Veteran lobbyists consider adopting the rules just as important as passing the original bill.

Among the agencies AWB is actively involved in during the rulemaking process are the Departments of Ecology, Labor and Industries, Health, Revenue, and Employment Security.

Rules process

Bret Buckley, legislative liaison for the Department of Labor and Industries (L&I), explained in a recent interview how the rule-making process works at L & I and other state agencies.

"First, there has to be something in the statute that explicitly authorizes the agency to adopt rules," Buckley said. "Or there's a gap in interpretation - there may be some fuzziness that requires an agency to come up with a rule so that everybody understands how a statute is going to be administered."

Agency staff members, usually working in tandem with an attorney-general, write language for a draft rule.

AWB's job is to get involved as early as possible in the rulemaking phase to provide input. "The sooner we become part of the process, the better chance we have to see that rules are adopted that can help business," Layes said.

The agency then assembles a rule package involving a draft from the Code Reviser's office, a small business economic impact statement if applicable, and a working timetable for final adoption and implementation.

Washington State Register

Following an internal review, the packet is submitted to the Code Reviser in preparation for printing in the Washington State Register, the state's official notification publication.

Concurrently, the agency issues a press release and notifies parties interested in the issue and those who are on a mailing list for rules action in a specific area. The release includes a general description of the issue and proposed rule, plus the date, time and location of a public hearing.

Public hearings can't be conducted until at least 20 days after publication, but Buckley says L & I normally waits for 30 or more days.

Written and oral testimony on the proposed rule is accepted during the public hearings. Outside testimony often causes the agency to make changes in the proposed rules, according to Buckley.

Rules may be adopted immediately after the public hearing, but in practice, agencies spend a month or so reviewing testimony and making adjustments before final adoption of rules. Once a rule is adopted, it becomes effective 30 days later.

There are other occasions besides current legislation for writing new rules, observes L & I's Buckley.

In the industrial insurance arena, there is a constant review of classifications of employers that partly determines the amount of workers' compensation premiums paid by a business owner. Those changes require public hearings and new rules.

New federal OSHA requirements may be imposed on the state, says Buckley, or current rules don't address a certain situation that may be resulting in workplace accidents. In either case, more hearings and rule changes are called for.

Buckley believes rule-making procedures are in everyone's best interest. "The requirements essentially are to protect the public so that they know what an agency intends to do and have an opportunity to have a say in the process."
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## Political Awareness Calendar

- **May 17 & 18**: Legislative Weekend - House of Representatives only; Redpath Hotel, Spokane
- **May 30-31 & June 1**: Legislative Weekend - Senate only; Towne Plaza, Yakima
- **July 23**: First day for candidates to file for office
- **July 27**: Filing period closes for primary candidates
- **Aug. 13**: Last day to register to vote in primary election
- **Sept. 15**: Primary election
- **Sept. 27 & 28**: Committee Weekend, State Capitol Campus, Olympia
- **Oct. 5**: Last day to register to vote in general election
- **Nov. 6**: State general election
- **Nov. 27 & 28**: Committee Weekend, State Capitol Campus, Olympia

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**Washington Business**

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