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☞ (FORM UPDATED: 08/11/2010)

## WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

### 2005-06

(session year)

### Assembly

(Assembly, Senate or Joint)

### Committee on Forestry...

#### COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

#### INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)  
(**ab** = Assembly Bill)                      (**ar** = Assembly Resolution)                      (**ajr** = Assembly Joint Resolution)  
(**sb** = Senate Bill)                              (**sr** = Senate Resolution)                              (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

\* Contents organized for archiving by: Stefanie Rose (LRB) (July 2013)

## Assembly

## Record of Committee Proceedings

### Committee on Forestry

#### Assembly Bill 686

Relating to: permitting two or more employers engaged in the logging industry to pool their worker's compensation liabilities for purposes of operating as self-insurers and requiring the establishment of separate classifications and worker's compensation insurance rates for mechanized logging operations and for manual logging operations.

By Representatives Mursau, Friske, Gard, Ainsworth, Albers, Gronemus, Gunderson, Hahn, Hubler, McCormick, Montgomery, Musser, Nerison, Ott, Owens, Petrowski, Pettis, Suder, Townsend, M. Williams and Krawczyk; cosponsored by Senators Kapanke, Breske, Brown, Grothman, Hansen, A. Lasee and Roessler.

September 26, 2005 Referred to Committee on Forestry.

January 10, 2006 **PUBLIC HEARING HELD**

Present: (5) Representatives Friske, Mursau, Ainsworth, M. Williams and Hubler.  
Absent: (1) Representative Boyle.

#### Appearances For

- Roger Breske, Madison — Senator, 12th Senate District
- Bob Mather, Madison — Wisconsin Department of Natural Resources
- Gene Francisco, Sun Prairie — Executive Director, Wisconsin Professional Loggers Association
- Jeff Mursau, Madison — Representative, 36th Assembly District
- Peter Grieves, McMillan — Former Executive Director, Timber Producers Association
- Dale Dorow, Mauston — Wisconsin County Forests Association
- Mark Drangstveit, Black River Falls — Wisconsin Professional Loggers Association

#### Appearances Against

- Earl Gustafson, Neenah — Wisconsin Paper Council
- Joe Moreth, Madison — Department of Workforce Development
- Eric Englund, Madison — Wisconsin Insurance Alliance
- Jill Josowiak, Madison — Worker's Compensation Self Insured Advisory Council

#### Appearances for Information Only

- None.

#### Registrations For

- Gunnar Bergerson, Madison — Lobbyist, Lake States Lumber & Timber Producers Association
- Gary Vander Wyst, Butternut — Society of American Foresters

#### Registrations Against

- John Wittry, Milwaukee — Chairman, Workers Compensation Self Insurers Council
- James Buchen, Madison — Wisconsin Manufacturers and Commerce
- Misha Lee, Madison — Sentry Insurance

February 14, 2006

**EXECUTIVE SESSION HELD**

Present: (5) Representatives Friske, Mursau, Ainsworth, Hubler and Boyle.  
Absent: (1) Representative M. Williams.

Moved by Representative Friske, seconded by Representative Mursau that **Assembly Substitute Amendment 1** be recommended for adoption.

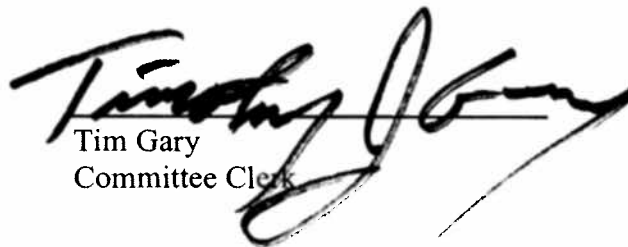
Ayes: (5) Representatives Friske, Mursau, Ainsworth, Hubler and Boyle.  
Noes: (0) None.  
Absent: (1) Representative M. Williams.

ASSEMBLY SUBSTITUTE AMENDMENT 1 ADOPTION RECOMMENDED, Ayes 5, Noes 0

Moved by Representative Friske, seconded by Representative Hubler that **Assembly Bill 686** be recommended for passage as amended.

Ayes: (5) Representatives Friske, Mursau, Ainsworth, Hubler and Boyle.  
Noes: (0) None.  
Absent: (1) Representative M. Williams.

PASSAGE AS AMENDED RECOMMENDED, Ayes 5, Noes 0



Tim Gary  
Committee Clerk

## Vote Record Committee on Forestry

Date: 2-14-06

Moved by: Rep. FRISKE

Seconded by: Rep. Mursau

AB 686 SB \_\_\_\_\_ Clearinghouse Rule \_\_\_\_\_  
 AJR \_\_\_\_\_ SJR \_\_\_\_\_ Appointment \_\_\_\_\_  
 AR \_\_\_\_\_ SR \_\_\_\_\_ Other \_\_\_\_\_

A/S Amdt \_\_\_\_\_  
 A/S Amdt \_\_\_\_\_ to A/S Amdt \_\_\_\_\_  
 A/S Sub Amdt 1 \_\_\_\_\_  
 A/S Amdt \_\_\_\_\_ to A/S Sub Amdt \_\_\_\_\_  
 A/S Amdt \_\_\_\_\_ to A/S Amdt \_\_\_\_\_ to A/S Sub Amdt \_\_\_\_\_

Be recommended for:

- Passage      Adoption      Confirmation      Concurrence      Indefinite Postponement  
 Introduction      Rejection      Tabling      Nonconcurrence

<u>Committee Member</u>	<u>Aye</u>	<u>No</u>	<u>Absent</u>	<u>Not Voting</u>
<b>Representative Donald Friske, Chair</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Representative Jeffrey Mursau</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Representative John Ainsworth</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Representative Mary Williams</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Representative Mary Hubler</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Representative Frank Boyle</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Totals:</b>	<u>5</u>	<u>0</u>	<u>1</u>	_____

Motion Carried

Motion Failed

## Vote Record Committee on Forestry

Date: 2-14-06

Moved by: Rep. FRISKE

Seconded by: Rep. Hubler

AB 686 SB \_\_\_\_\_ Clearinghouse Rule \_\_\_\_\_  
 AJR \_\_\_\_\_ SJR \_\_\_\_\_ Appointment \_\_\_\_\_  
 AR \_\_\_\_\_ SR \_\_\_\_\_ Other \_\_\_\_\_

A/S Amdt \_\_\_\_\_  
 A/S Amdt \_\_\_\_\_ to A/S Amdt \_\_\_\_\_  
 A/S Sub Amdt \_\_\_\_\_  
 A/S Amdt \_\_\_\_\_ to A/S Sub Amdt \_\_\_\_\_  
 A/S Amdt \_\_\_\_\_ to A/S Amdt \_\_\_\_\_ to A/S Sub Amdt \_\_\_\_\_

Be recommended for:

- Passage     Adoption     Confirmation     Concurrence     Indefinite Postponement  
 Introduction     Rejection     Tabling     Nonconcurrence

<u>Committee Member</u>	<u>Aye</u>	<u>No</u>	<u>Absent</u>	<u>Not Voting</u>
<b>Representative Donald Friske, Chair</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Representative Jeffrey Mursau</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Representative John Ainsworth</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Representative Mary Williams</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Representative Mary Hubler</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Representative Frank Boyle</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Totals:</b>	<u>5</u>	<u>0</u>	<u>1</u>	<u>    </u>

Motion Carried

Motion Failed

## Vote Record Committee on Forestry

Date: 2-14-06

Moved by: Rep. Hubler

Seconded by: Rep. Mursau

AB 1012 SB \_\_\_\_\_ Clearinghouse Rule \_\_\_\_\_  
 AJR \_\_\_\_\_ SJR \_\_\_\_\_ Appointment \_\_\_\_\_  
 AR \_\_\_\_\_ SR \_\_\_\_\_ Other \_\_\_\_\_

A/S Amdt \_\_\_\_\_  
 A/S Amdt \_\_\_\_\_ to A/S Amdt \_\_\_\_\_  
 A/S Sub Amdt \_\_\_\_\_  
 A/S Amdt \_\_\_\_\_ to A/S Sub Amdt \_\_\_\_\_  
 A/S Amdt \_\_\_\_\_ to A/S Amdt \_\_\_\_\_ to A/S Sub Amdt \_\_\_\_\_

Be recommended for:  
 Passage     Adoption     Confirmation     Concurrence     Indefinite Postponement  
 Introduction     Rejection     Tabling     Nonconcurrency

<u>Committee Member</u>	<u>Aye</u>	<u>No</u>	<u>Absent</u>	<u>Not Voting</u>
<b>Representative Donald Friske, Chair</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Representative Jeffrey Mursau</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Representative John Ainsworth</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Representative Mary Williams</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Representative Mary Hubler</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Representative Frank Boyle</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Totals:</b>	<u>5</u>	<u>0</u>	<u>1</u>	<u>    </u>

Motion Carried

Motion Failed



**Gary, Tim**

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**From:** Patrick Finn [patrick123052@aol.com]  
**Sent:** Thursday, January 05, 2006 2:34 PM  
**To:** Rep.Friske  
**Subject:** Sending Bill 686 for review

Dear Representative Friske:

Please refer Assembly Bill 686 to the Wisconsin Worker's Compensation Advisory Council for its review.

Sincerely,

Patrick Finn  
3864 Finger Rd  
Green Bay, WI 54311





**Gary, Tim**

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**From:** Kenneth Koier [kenneth.koier@vilter.com]  
**Sent:** Thursday, January 05, 2006 2:38 PM  
**To:** Rep.Friske  
**Subject:** Loggers Self Insurance - Assembly Bill 686

Dear Representative Friske:

Legislation for this subject matter has not been reviewed by the Wisconsin Worker's Compensation Advisory Council. Currently all Wisconsin businesses that are self-insured for worker's compensation purposes are jointly and severally liable for the losses of all other self-insured that fail to meet their financial obligation. This legislation would make all current self-insured businesses similarly liable for the group self-insurance pools proposed here.

Wisconsin currently sets very high standards for self-insurance for purposes of worker's compensation liability coverage. Those businesses that would be most directly affected by this legislation - businesses that are self-insured for purposes of worker's compensation coverage - must have a thorough opportunity to review the merits and implications of this issue. The Worker's Compensation Advisory Council provides the best forum for this thorough review and analysis.

As such, I urge you to refer Assembly Bill 686 to the Wisconsin Worker's Compensation Advisory Council for its review.

Most Sincerely,

Kenneth Koier  
Human Resources Manager  
Vilter Manufacturing LLC  
5555 S Packard Ave  
Cudahy, WI 53110





**Testimony Before the  
Assembly Forestry Committee  
January 10, 2006**

**In Regards to AB 686**

Good afternoon Chairman Friske and committee members. My name is Gene Francisco and I am the Executive Director of the Wisconsin Professional Loggers Association (WPLA) and the Timber Producers Association (TPA). I appear before you today on behalf of WPLA and TPA to express our support for AB 686 Group Self Insurance Funds.

On March 23, 2005 over 100 logging trucks surrounded the State Capitol and over 200 forest industry professionals converged on the Capitol to express their concerns to their legislators regarding the future of the forest industry in Wisconsin. One of three issues brought to you by loggers, foresters, mill representatives, and equipment dealers was the high cost of worker's compensation insurance for the logging profession and its impact on the sustainability of our forest industry. We thank you for listening and drafting AB 686 to provide a long term solution to this critical issue.

The forestry community has been working on this issue for the past 20 years with absolutely no success. The responses from government regulators were always wrapped in bureaucratic red tape with the final word that Wisconsin's workers comp system is a good one and is working well. Well it is not working for the forest industry and hasn't been for many years.

A recent report on the "Status of the Logging Sector in Wisconsin and Michigan's Upper Peninsula" just released by the UW Extension states that "the majority of the logging firms (62%) reported having no employees. Typically these individuals sub-contract a portion or portions of the harvesting to others... And that this is a substantial change in business practices compared to twenty years ago when logging firms employed 10, 20, 30 or more employees".

Why do they sub-contract? Because of the high cost of workers compensation insurance which today costs the employer over \$31 for every \$100 of wages paid. Our workers compensation laws are causing logging firms to downsize to avoid paying workers compensation insurance rather than expand to meet the demands of our \$28 billion forest industry.

The same UW Extension report states that nearly 1 out of every four logging firms (23%) stated they would likely be out of business in five years and that workers compensation insurance was one of the top five factors effecting profitability.

The bottom line is that our workers compensation laws have created a diminishing workforce in the logging sector. They have created an uninsured workforce with no accountability for the health and welfare of the workers. A workforce that will likely become a burden on our taxpayers should a debilitating injury or death occurs. AB 686 is our best chance to bring back a workers compensation program that works. It mirrors a very successful model that has been in place in Michigan for many years.

We would however request that AB 686 be amended to include either employers in the primary and secondary forest products industry or employers within a industry rather than limit self insurance funds to just logging contractors. Many other small businesses could benefit from this legislation. This change would improve the viability of creating financially sound self insurance funds.

Thank you. I welcome any questions at this time.



January 9, 2006

## OPERATING A STATEWIDE GROUP SELF INSURERS FUND

### **Beneficial for Employers, Employees and the Public**

**Introduction:** Wisconsin employers are seeking authority to operate group self-insuring funds (SIF) to meet their Workers Compensation obligations. The Timber Producers Association of Wisconsin and Michigan have requested this approach for their logging members.

Michigan has been operating SIF since 1974, also started by loggers and other forest industry employers. The insurance industry was requesting a 1972 premium of \$51 per \$100 of payroll for Michigan loggers. The Michigan Association of Timbermen Self Insurance Fund (MATSIF) was started and was quickly followed by 34 other employer groups.

**This approach works:** Self Insuring Funds (SIF) have been operating successfully in Michigan and several southern states for over 30 years. SIF are a proven risk management method. The SIF concept is an efficient and safe way to compensate employees from work related injuries and illnesses.

Forestry companies, after initiating the effort for the enabling legislation (PA 45 of 1074), organized the Michigan Association of Timbermen Self-insuring Fund (MATSIF) as the first Michigan SIF. Thirty-four other public and private employer groups followed MATSIF.

**How do SIF work?** A group of two or more employers in the same industry create a State approved Self Insuring Fund, purchase reinsurance, hire a third-party administrator company and select governing Trustees from members of the SIF. These groups are more similar to mutual insurance groups than to individual self-insured companies. Up front deposits of premiums, a claims fund and reinsurance policies assure the SIF members that all obligations will be met, protecting them from some else's insolvency.

**Role of the Trustees:** Trustees select an approved third-party administrator company (TPA). The TPA Company assists in a market survey and risk assessment of potential members, obtain quotes from reinsurance companies and helps prepare the application to the State regulator for forming a SIF. This will include a recommended premium schedule for each worker classification in the SIF. The premium rates of the Insurance Industry may be used in the first years of the SIF until their own experience allows them to have a rate based on their own premium and loss ratios.

The Trustees prepare a business plan and application that covers their legal obligations, accounting and fiscal-control procedures, underwriting standards for reviewing, accepting, or rejecting member's applicants to the SIF. The governing rules of the State

Regulator are incorporated into these operating procedures of the SIF. The Trustees hire an Administrator who is responsible for implementing the policies of the SIF and fulfilling the State regulations.

Barb Bennett, MATSIF administrator, manages daily operations, supervises the Third Party Administrator, negotiates their contract and applies for annual refunds under the oversight of her Trustees and recommendations from the TPA.

\$ 147 million in premiums have been collected and \$ 46 million (31.2 %) has been refunded to MATSIF members from 1975 to 2005. All premiums and loss control is done by MATSIF employees.

**Role of the Third Party Administrator (TPA).** The TPA provides technical assistance in developing operating procedures, evaluates all claims and makes appropriate payments to health providers and employees, sets appropriate reserves for each claim, assists in developing a loss control program, and prepares monthly reports on their work.

**Role of the Reinsurance Company:** The Reinsurer sets the required deposit to a minimum claims fund and the percentage of premiums to be added to this fund. The Reinsurance Company provides a **Specific reinsurance policy** to cover the cost of a single claim that exceeds a stated deductible. Additionally to cover the potential depletion of the Loss Fund they issue an **Aggregate reinsurance policy**. These reinsurance policies and deposits prevent any insolvency.

The requirements set by the Reinsurer determines the premium rates and minimum size of the SIF. This process determines if the proposed SFI is a financially feasible group.

**The Role of the Regulator:** Their vital role is to establish a set of rules that require the SIF to have an adequate financial base, proper underwriting standards when the SIF submits new member applications to the regulator. Appropriate reinsurance requirements are defined. The regulator monitors the TPA in their administration of claims, setting of reserves and approves the reinsurance contracts. They approve all refunds of surplus premiums.

**Some Objectives for Self Insuring Group Funds in Wisconsin:** All interested employer groups should be allowed to form their own SIF. This legislation should not be limited to Loggers. We strongly recommend **“the same industry”** requirement used in Michigan. **A SIF of all interested and eligible employers in the Wisconsin forest industry will be allowed with this provision.** Employers in each industry group best understand the needs of their peers. Wisconsin will likely have a similar number of SIF groups as in Michigan.

Michigan has thirty-five **“same industry”** groups in their SIF program: six are public sector employers and twenty-nine are private sector employers with combined premiums of \$202,527,000 in 2004. Our regulator has 2.5 FTE for administering Michigan SFI.



The SFI are successful because there is a vested interest for employer-members to: reduce losses by maintaining a safe work place; to collect adequate premiums; have professional administration from their SFI and TPA staff and proper reinsurance. SFI members are rewarded for doing a good job by receiving refunds of surplus premiums.

**Partnerships and Sharing Vital Information:** Advice from seasoned SIF managers and regulators is readily available for a new Wisconsin SFI program. There is an available network of experienced SIF managers, State regulators and their peers both in the Wisconsin and nationally. The 2004 Resource Guide by the Michigan Council of Self Insured Group Administrators (MCSIGA) provides essential information for anyone interested in SIF.

This exchange of information is vital and will certainly assist with the formation of SIF in Wisconsin for the many employers groups that need a better way to meet their Worker Compensation responsibilities.

Prepared by Peter Grieves, retired Ex. Director of Michigan Association of Timbermen (MAT) and Barb Bennett, Administrator, MATSIF 1/09/06



Department of Workforce Development  
Division of Worker's Compensation  
201 East Washington Avenue  
P.O. Box 7901  
Madison, WI 53707-7901  
Telephone: (608) 266-1340  
Fax: (608) 267-0394  
TTY: (866) 265-3142  
Email: [dwdwc@dwd.state.wi.us](mailto:dwdwc@dwd.state.wi.us)



State of Wisconsin  
Department of Workforce Development

Jim Doyle, Governor  
Roberta Gassman, Secretary  
Frances Huntley-Cooper, Division Administrator

January 9, 2006

The Honorable Donald Friske  
Chair, Assembly Committee on Forestry

Dear Representative Friske:

DWD is opposed to AB 686.

Currently, no form of group self-insurance is permitted in Wisconsin.

First, DWD opposes group self-insurance as it would add significant risk to the worker's compensation system, while cost-savings that are anticipated by proponents are unlikely to materialize. This risk was clearly demonstrated in several states recently. In Kentucky, a group self-insurer defaulted, and its members were assessed nearly \$100 million to pay claims. In New York, regulators there are finding that nearly half of that state's group self-insurers are underfunded, some so seriously as to require multi-million dollar assessments to members. Not inconsequentially, such an expansion of the law would require substantial increases in staffing and budget authority to administer.

Second, to allow group self-insurance for only one industry would be discriminatory, and certainly invite other groups to also petition for such authority, resulting in a hodge-podge of rules that would be increasingly difficult to administer.

Third, there are deficiencies and ambiguities in this bill that would make it difficult to implement. For example, the language applies to "employers engaged in the logging industry", but there is no definition of that term. Must all employees be involved in logging, or would 1% exposure to the industry qualify? Also, the language states in places that the group itself will function as a self-insurer, and in other places that each member of the group will be a self-insurer, but only one case could be true. These and other deficiencies would need to be addressed before DWD could properly and fairly implement such a dramatic change.

In summary, DWD opposes group self-insurance in general or for a specific industry. And in the case of AB-686, DWD is opposed to this bill due to its deficiencies and ambiguities. As an alternative to AB-686, DWD suggests that the logging industry address its concerns to the Worker's Compensation Advisory Council. This Council is the established forum at which all parties to the worker's compensation system have a seat, and where proposed changes to the law can be crafted to truly improve the system, while avoiding changes that would result in adverse unintended consequences.

Sincerely,

Frances Huntley-Cooper, Division Administrator  
JoAnna Richard, Executive Assistant to the Secretary

For additional information, please contact:  
Brian Krueger, Director, Bureau of Insurance Programs 267-4415  
Joe Moreth, Self-Insurance Section Chief 266-8327



FAXED 

January 9, 2006

Representative Donald Friske  
State Capitol – Room 312 North  
P.O. Box 8952  
Madison, WI 53708-8952

Re: Assembly Bill 686 – Loggers Self Insurance

It has recently come to our attention, that the Wisconsin Assembly Committee on Forestry will be hearing testimony regarding the above-referenced legislation. The purpose of this letter is to urge you, as a member of that committee, to refer AB 686 to the Wisconsin Workers' Compensation Advisory Council for review before a vote is taken.

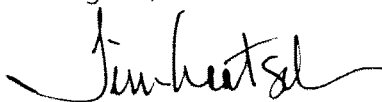
Stora Enso is a global integrated paper, packaging and forest products company. In North America, Stora Enso is a leading producer of coated and supercalendered papers, and a premier producer of speciality papers. Other products include newsprint, elemental chlorine-free kraft pulp, totally chlorine-free mechanical pulp and recycled pulp from recovered paper.

Having about 3,766 employees in Wisconsin, Stora Enso is an important part of the paper industry. We have manufacturing facilities in Biron, Kimberly, Niagara, Stevens Point, Whiting and Wisconsin Rapids, Wisconsin.

As one company that is self-insured for purposes of workers' compensation liability coverage, Stora Enso would be negatively impacted under the language of the bill as currently written. We believe that other self-insured companies would be similarly affected. The Wisconsin Workers' Compensation Advisory Committee was established to review the merits of proposals such as this. To my knowledge that step has not been taken. Thus, referral to that committee would seem appropriate in light of the fact that self-insured companies such as ours have not had an opportunity to thoroughly review the merits and implications of the bill. We need to take some time and carefully consider longer term solutions that will address issues associated with workers' compensation cost challenges that confront Wisconsin's timber producers.

If you have any questions or concerns regarding our position in this matter feel free to contact me.

Regards,



Tim Laatsch  
Senior Vice President



January 9, 2006

To: The Honorable Donald Friske  
The Honorable Jeffrey Mursau  
The Honorable John Ainsworth  
The Honorable Mary Williams  
The Honorable Mary Hubler  
The Honorable Frank Boyle

This letter is to express the concerns of the Wisconsin Workers Compensation Self Insurers Council about Assembly Bill 686 that you are considering today. The Self Insurers Council represents the almost 200 private sector employers, with over 140,000 employees, in the State of Wisconsin. The five members of the council are made up of experts in safety, risk management and financial analysis. It is our function to review all new applicants for self insurance to assure that they meet the criteria for self insurance as well to review ongoing acceptability of current self insurers. Self insurers, in Wisconsin, assume the liability for all claims for other self insurers who are unable to pay their claims. The self insured employers assume the financial risk should a member default. Therefore, the Council makes recommendations on all applications before admission into this program.

The self insurers in the State Of Wisconsin have guaranteed that no claim of other self insurers has gone unpaid. We, as a Council, have intervened to make sure that none of our members have been slow in paying a claim. This record has been achieved despite several major bankruptcies of member firms. Over the last 5 years, we have assessed our member companies nearly \$700,000 to cover claims of past employers. Our function has been to protect both the other self insurers and the employees of those self insurers.

We apply several major criteria before accepting a new employer into the program. These criteria cover the overall safety program and record of applicant, the past and current financial strength of the applicant, and, most importantly, the risk of applicant. These criteria are referenced in Administrative Code DWD 80.60. Even after these criteria are met, we require excess insurance, substantial bonds and guarantees from every member. Some of our members are required to carry bonds up to \$5,000,000, based upon their overall risk and financial strength.

Self insurance is not necessarily a cost savings program. Rather, it is a method whereby firms with sufficient financial and employee resources can choose to bear the full responsibility and risk of promoting, administering and financing workers compensation programs themselves rather than transferring the risk and administration out to a third party such as an insurance company. Strong safety programs, "Return to Work" programs and risk management can allow savings by self insurance, as will vigorous investigation and management of claims and injuries. A company's savings is based upon internal resources being dedicated to these items, not necessarily just on lower premium amounts. Any individual company that feels that they will save money without internal dedication to these types of programs is deluding itself.

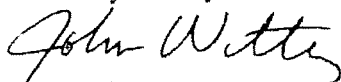
The above reflects a basic flaw in this bill. Any logging firm that has the requisite financial strength, safety programs, and risk management skills can already apply for self insurance and would be welcome to join our program. It usually requires a large employer to have the efficiency of scale (in order to dedicate the necessary internal resources) to make possible savings from self insurance. By banding together, these newly formed groups would only be as strong as their weakest member. By staying in an insured program, each individual firm is able to get each of these types of benefits from their insurance company as well as having the added protection risk mitigation from a catastrophic accident.

In addition, there are several other major issues not addressed in this bill. The definition of "Logging group" is very broad and needs more clarity. Any company joining such a group needs to understand that they are assuming the liability for each of their fellow group members' claims should they not be able to pay them individually. The Administrative code would need to be redrafted to address the forming of groups. All members of this group would need to understand the meaning of "joint and several liability", whereby all assets of each member of the group are at risk for paying claims of all other members of their group, as well as all claims of all other self insurers currently members of the program. Each firm in the group would be required to submit 5 years of audited financial statements for admission as well as an annual audited financial statement each year after admission. They will be required to pay the cost of a bond and carry excess workers compensation insurance. These costs, while high, may be minor in comparison to the additional risk they will be assuming. Lastly, there will be a substantial increase in State's cost to administer the addition of groups to the program, as noted in the fiscal estimate that was prepared for this proposal, which cost be borne by all members of the self insurance program, including both the current and new members.

We are also very concerned that this Bill has not been reviewed by the Worker Compensation Advisory Council. There are many technical issues that need to be reviewed and worked on before this Bill is submitted. It is a measure of great importance, not only to the logging industry, but all the companies that operate in Wisconsin.

In conclusion, the Self Insurers Council understands that Workers Compensation Insurance is a major expense to a smaller company. The premiums that Wisconsin Loggers pay for Workers Compensation insurance are high compared to less risky occupations, but are below the national average. Being self insured is not the answer to lowering this cost. In the long run, ensuring strong safety programs in order to prevent injuries from occurring will have a much greater benefit both for the logging companies as well as their employees.

Thanks you for you consideration.



John Wittry

Chairman - Wisconsin Workers Compensation Self Insurers Council







**Wisconsin  
Manufacturers  
& Commerce**

**Memo**

TO: Wisconsin Assembly Forestry Committee  
FROM: James A. Buchen, Vice President, Government Relations  
DATE: January 10, 2006  
RE: Opposition to AB 686 – Loggers Self Insurance

**Background**

Under current law, every employer that is subject to the worker's compensation law must carry worker's compensation insurance from an insurer that is authorized to do business in this state, except that the Department of Workforce Development (DWD) may exempt an employer from the duty to insure if the employer shows that it is able to self-insure its worker's compensation liability and if the employer agrees to report all compensable injuries and to comply with the worker's compensation law and the rule of DWD.

Under current law, the Wisconsin Compensation Rating Bureau (WCRB) classifies risks and establishes rates for worker's compensation insurance written in this state. Current law permits risks to be classified in any reasonable way for the establishment of rates and permits rates to be modified for individual risks in accordance with standards for measuring variations in hazards.

**Assembly Bill 686**

This bill permits two or more employers engaged in the logging industry to pool their worker's compensation liabilities for purposes of obtaining an exemption from the duty to insure and operating as self-insurers of their worker's compensation liabilities. This bill requires the WCRB to establish separate classifications and rates for mechanized logging operations and for manual logging operation.

**Analysis**

This legislation has not been reviewed by the Wisconsin Worker's Compensation Advisory Council. Currently all Wisconsin businesses that are self-insured for worker's compensation purposes are jointly and severally liable for the losses of all other self-insured that fail to meet their financial obligation. This legislation would make all current self-insured businesses similarly liable for the group self-insurance pools proposed here.

Wisconsin currently sets very high standards for self-insurance for purposes of worker's compensation liability coverage. Those businesses that would be most directly affected by this legislation – businesses that are self-insured for purposes of worker's compensation coverage – must have a thorough opportunity to review the merits and implications of this issue. The Worker's Compensation Advisory Council provides the best forum for this thorough review and analysis.

**WMC Position - Opposed**

WMC urges the members of the Assembly Forestry Committee to refer Assembly Bill 686 to the Wisconsin Worker's Compensation Advisory Council for its review.

501 East Washington Avenue  
Madison, WI 53703-2944  
P.O. Box 352  
Madison, WI 53701-0352  
Phone: (608) 258-3400  
Fax: (608) 258-3413  
[www.wmc.org](http://www.wmc.org)



**Gary, Tim**

---

**From:** Brigette Finger [bfinger@wpsr.com]  
**Sent:** Tuesday, January 10, 2006 1:14 PM  
**To:** Rep.Friske  
**Subject:** AB 686

Dear Representative Friske:

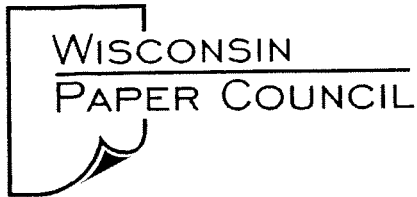
I ask you to send this bill to the Wisconsin Worker's Compensation Advisory Council for review.

Thank you for your consideration.

Sincerely,

Brigette Finger  
Workers Compensation Administrator  
Wisconsin Public Service Corp  
700 N Adams St  
Green Bay , WI 54301





**BEFORE THE  
WISCONSIN ASSEMBLY COMMITTEE  
ON FORESTRY  
REGARDING AB 686**

Good morning Chairman Friske and Forestry Committee members. My name is Earl Gustafson. I am the Wisconsin Paper Council's Vice-President for Energy, Forestry & Human Resources. The Council is the trade association representing the pulp, paper and allied industry in the state.

The Paper Council appreciates the opportunity to comment on AB 686 as this bill addresses a significant problem impacting timber producers. The paper industry shares the timber producers' concerns with the high cost of workers compensation insurance. The industry also is concerned that the costs borne by Wisconsin's timber producers are substantially larger than those paid by timber producers elsewhere. Because of this situation, the Paper Council initially was pleased to learn that legislation had been drafted to attempt to address this issue.

**However, the Paper Council appears today to respectfully communicate its deep concern with AB 686...to urge that the bill not be voted on in its present form...and to offer two recommendations for "next steps."**

A number of our paper company members contacted us reporting that the self-insurance approach in AB 686 will create a serious and unacceptable business risk for them. They will be subject to joint and several responsibility for workers compensation claims to the extent that self-insurers do not cover the cost of the claims themselves. This concern needs to be addressed before AB 686 is endorsed by this committee.

We believe two "next steps" should be taken. One is for the Assembly Forestry Committee to assemble a work group of stakeholders to meet as expeditiously as possible to address the concerns identified in AB 686. The second is for the Workers Compensation Advisory Council to be asked to address AB 686. Wisconsin has a strong tradition of seeking guidance from its workers comp and unemployment insurance advisory committees regarding modifications to the statutes and administrative rules affecting both programs.

The Paper Council is hopeful that if a broad group of stakeholders is afforded the opportunity to seek consensus...and if the expertise of the WC Advisory Council is sought...equitable, long-term solutions can be found to remedy or mitigate the difficult workers compensation cost challenges confronting Wisconsin's timber producers.

Taking time to find those solutions will be beneficial not only to the hundreds of timber producers who make a living as stewards of Wisconsin's sustainable forestry resources, but also for the businesses that depend on the saw logs and pulpwood they provide and, more broadly, the state's economy, which has benefited from an economically healthy forest products industry for well over a century.

Thank you for the opportunity to comment on AB 686. I will be pleased to attempt to answer any questions that my testimony may have raised.

1-10-06





## State of Wisconsin \ DEPARTMENT OF NATURAL RESOURCES

Jim Doyle, Governor  
Scott Hassett, Secretary

101 S. Webster St.  
Box 7921  
Madison, Wisconsin 53707-7921  
Telephone 608-266-2621  
FAX 608-267-3579  
TTY Access via relay - 711

### Testimony Before the Assembly Forestry Committee January 10, 2006

#### In Regards to AB 686

Good afternoon Chairman Friske and committee members. I am Bob Mather, director of the Bureau of Forest Management, Division of Forestry, in the Department of Natural Resources. I want to thank you this opportunity to speak on AB 686. The Department of Natural Resources supports the concept of this bill.

The Department of Natural Resources has not taken a position on the specific methods outlined in this bill to help reduce worker compensation insurance costs for portions of the logging industry but supports the concepts proposed. The logging industry in Wisconsin has significantly changed in the last twenty years. The majority of Wisconsin loggers are now full time highly skilled and regularly trained professionals. Most of the wood harvested in the state is now harvested with mechanized equipment and in many cases the wood is never touched by human hands from the time the tree is cut until it arrives at the mill.

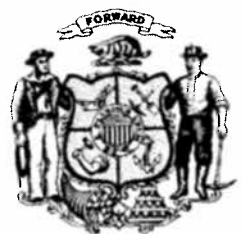
The Wisconsin logging industry has been under tremendous economic strain and the cost of worker compensation insurance under current law is a significant factor. The State must do what it can to help ensure the economic viability and improve the global competitiveness of the logging industry in the state. Forty-six percent of Wisconsin is covered with commercial forests and those forests need to be sustainably managed in order to remain healthy for current and future generations. This will only happen if the loggers who implement sustainable management on the ground in the forests of this state can remain in business. The Department feels this bill works towards that goal and thus urges your support of this bill in order to help strengthen the forest industry in Wisconsin.

Once again, I want to thank you for this opportunity to speak before the committee. I will be happy to try and answer any questions you may have.





WISCONSIN STATE LEGISLATURE



**TESTIMONY ON AB 686**  
**Insurance Reform**  
**1/10/06**

**Representative Jeff Mursau**

Chairman Friske and members of the Assembly Committee on Forestry:

I'm sure most of you remember last March when the Wisconsin Professional Loggers Association held its Loggers Rally in Madison. Professional loggers from all over the state came to the Capitol to make their voices heard and to inform the Legislature about issues important to the forest products industry. A major concern that I heard over and over again was the lack of affordable worker's compensation insurance.

A recent study by the University of Wisconsin-Extension identified worker's compensation rates as a key factor in the loss of forestry jobs. The study recommended modifications to worker's compensation rules and rates to, "present a credible opportunity to improve firm profitability."

I introduced AB 686 to help provide more affordable worker's compensation insurance to professional loggers. AB 686 does two things: 1) it directs the Wisconsin Compensation Rating Bureau to establish separate mechanized and non-mechanized rates for forestry operations and 2) allows forestry operations to combine their resources to self insure for worker's compensation.

Under current law, the Wisconsin Compensation Rating Bureau (WCRB) classifies risks and establishes rates for worker's compensation insurance written in this state. Logging in Wisconsin can either be mechanized or non-mechanized. Mechanized logging is substantially safer than non-mechanized logging and nearly two-thirds of firms in Wisconsin are fully mechanized. However, the WCRB refused to establish different rates for mechanized and non-mechanized logging, thereby increasing the rates for those firms using mechanized practices by lumping them in with higher risk operations. After the introduction of AB 686, the WCRB has begun the process of establishing separate rates, possibly making this provision moot.

AB 686 also allows groups of loggers to pool their resources together to self insure for worker's compensation. This would allow logging companies to take advantage of the economies of scale that larger companies currently enjoy.

I would also like to address possible concerns with the bill.

DWD estimates that under the current language of the bill, as many as 20 different groups would apply for self-insurance. While I personally question that number, I believe that their concern can be addressed by placing a cap on the number of groups that may apply.

DWD has also expressed concerns about the cost of actuarial studies associated with the implementation of AB 686. I would propose shifting the cost of some of the actuarial work to the applicants, possibly through the use of an administrative fee.

It has also been suggested that the bill expand the size of the pool to include more types of forestry businesses, such as sawmills and other related facilities. I would certainly be open to that idea.

I look at AB 686 as a work in progress. I know there are people who have legitimate concerns about some of the implications of this bill; however, I also know that we cannot continue to ignore this problem. I'm certain that with the help of this committee and all concerned parties, we can come up with a viable solution. I thank you for the opportunity to testify and welcome any questions you may have.



# Wisconsin State Assembly

P.O. BOX 8952 • MADISON, WI 53708

January 19, 2006

Workers Compensation Self Insurers Council  
Department of Workforce Development  
Attn: Frances Huntley – Cooper  
201 E Washington Ave C 100  
Madison, WI 53702

To whom it may concern:

The Wisconsin State Assembly Committee on Forestry respectfully requests the Workers Compensation Self Insurers Council to review 2005 Assembly Bill 686, its amendments and the general issue of developing a self-insurance pool among professional loggers in Wisconsin.

The Forestry committee is particularly interested in gaining insight from the Council on experiences in other states including but not limited to Michigan.

We hope the Council will approve an examination of this issue at its next meeting, as we believe the issue needs to be addressed as soon as possible. A recent study conducted by the UW Extension examined the current state of the logging profession in Wisconsin. Nearly two thirds of Wisconsin logging operations are mechanized. Mechanized generally means a person is operating a machine while in a protected cab with little or no exposure to the tree while processing takes place.

While the Wisconsin Workers Compensation Rating Bureau has begun to collect data to determine if separate rates should be available for both mechanized and non-mechanized employees, the Forestry Committee would appreciate the Council's input on how separate rates could and should be implemented.

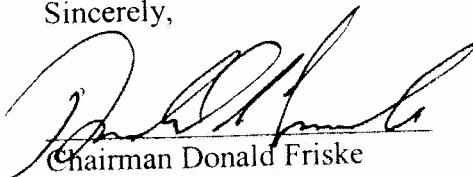
The testimony was convincing that the logging industry has significantly changed in its operation and is rapidly advancing in the use of the latest technology, all of which is contributing to limited exposure to work place accidents. However, it was equally clear the workers compensation rating system has not kept pace in making adjustments to the industry's rates.

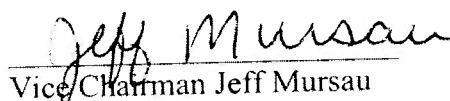
It is important to consider the need for a stable educated workforce in the logging industry. One of the deterrents to stabilizing the workforce in this industry is the high cost of workers compensation insurance.

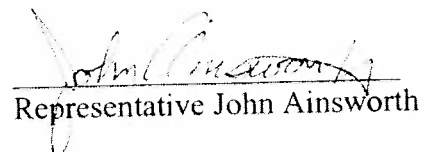
The committee will make available to the worker compensation Self Insurance Council all testimony provided to the committee on Forestry upon request.

We look forward to working with the Council to find common ground and answers to this growing problem in Wisconsin. The Committee recognizes this issue will probably not be solved quickly, but respectfully requests the Council report back to the Committee with its analysis by June 30, 2006.

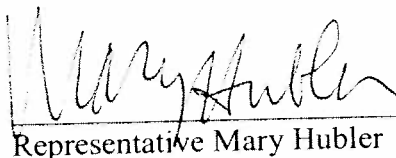
Sincerely,

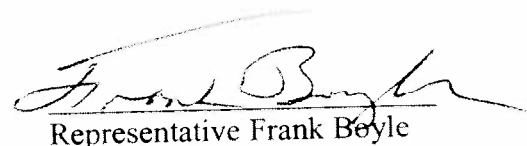
  
Chairman Donald Friske

  
Vice Chairman Jeff Mursau

  
Representative John Ainsworth

  
Representative Mary Williams

  
Representative Mary Hubler

  
Representative Frank Boyle



**Minnesota**  
**Special**  
**Compensation**  
**Fund**

30 cent Per Cord

Mill Assessment

10/25/05

SPECIAL COMPENSATION FUND  
HISTORICAL COMPARISON  
LOGGERS SAFETY FUND

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	2000	2001	2002	2003	2004	Average
MILL ASSESSMENTS	\$340,260	\$748,307	\$838,100	\$878,236	\$889,070	\$915,451	\$884,340	\$878,828	\$872,753	\$882,150	\$917,750	\$943,853	\$1,011,232	\$1,048,784	\$1,063,711	\$912,536
LESS:																
LOGGER SAFETY PROGRAM	\$128,000	\$128,000	\$128,000	\$128,000	\$128,000	\$128,000	\$128,000	\$128,000	\$128,000	\$128,000	\$128,000	\$128,000	\$128,000	\$128,000	\$128,000	\$128,000
WORKERS' COMPENSATION	\$219,250	\$611,907	\$713,180	\$751,236	\$774,070	\$790,451	\$759,340	\$751,628	\$747,753	\$757,150	\$782,700	\$818,853	\$888,232	\$924,784	\$934,711	\$787,505
PREMIUM REBATES																
TOTAL REPORTED PAYROLL	\$2,087,889	\$3,194,618	\$4,058,312	\$4,329,801	\$5,368,888	\$6,538,979	\$5,767,857	\$6,462,210	\$6,823,838	\$7,472,732	\$8,072,720	\$7,812,793	\$8,291,832	\$8,682,983	\$8,890,543	\$6,526,129
AVERAGE REBATE	\$1,922	\$5,854	\$8,448	\$5,750	\$5,734	\$6,887	\$6,385	\$6,220	\$6,183	\$6,285	\$5,487	\$6,188	\$6,584	\$7,114	\$7,921	\$6,971
SMALLEST REBATE	\$82	\$43	\$223	\$462	\$133	\$119	\$200	\$122	\$169	\$76	\$180	\$62	\$62	\$85,902	\$100,828	\$181
LARGEST REBATE	\$19,888	\$37,283	\$31,789	\$32,131	\$38,783	\$33,386	\$37,273	\$35,533	\$34,641	\$39,838	\$52,408	\$51,893	\$72,642	\$85,902	\$100,828	\$48,723
NUMBER OF CLAIMS	112	110	118	131	141	134	141	144	144	143	145	133	133	130	118	133
REBATE PER PAYROLL DOLLAR	\$0.104	\$0.185	\$0.176	\$0.158	\$0.144	\$0.143	\$0.132	\$0.116	\$0.108	\$0.101	\$0.096	\$0.105	\$0.107	\$0.107	\$0.108	\$0.13

\* 2ND HALF 1980

# Background Information

## Declining Payrolls

<u>Code 2702 Payrolls—MN</u>	<u>Code 2702 Payrolls—WI</u>
1994.....\$5,565,686	1994.....\$21,768,763
1995.....\$5,993,826	1995.....\$19,402,527
1996.....\$7,533,939	1996.....\$17,661,442
1997.....\$7,660,584	1997.....\$16,360,074
1998.....\$7,876,617	1998.....\$14,771,884
1999.....\$8,553,053	1999.....\$13,432,321
2000.....\$9,679,912	2000.....\$12,677,502
2001.....\$9,174,608	2001.....\$13,076,578
2002.....\$10,334,282	2002.....\$11,787,495



# Background Information

## Prohibitively High WC rates

<u>Code 2702 Rates—MN**</u>
1994.....\$49.46
1995.....\$54.35
1996.....\$53.22
1997.....\$48.92
1998.....\$51.63
1999.....\$48.40
2000.....\$51.53
2001.....\$45.00
2002.....\$36.36
2003.....\$29.26
2004.....\$27.17
2005.....\$20.38

\*\*Assigned Risk

<u>Code 2702 Rates--WI</u>
1994.....\$24.95
1995.....\$26.44
1996.....\$28.77
1997.....\$32.13
1998.....\$32.47
1999.....\$35.62
2000.....\$29.04
2001.....\$32.59
2002.....\$28.92
2003.....\$25.84
2004.....\$26.75
2005.....\$31.14

# Minnesota Loggers Safety Fund--History

Yr	Mill Assessment	Total Rebates	Ave Rebate	Rebate/ Payroll Ratio	# of Claims
90**	\$340,250	\$215,250	\$1,922	10.4%	112
95	\$915,151	\$790,151	\$5,897	14.3%	134
00	\$917,750	\$792,750	\$5,467	9.8%	145
04	\$1,059,711	\$934,711	\$7,921	10.5%	118
Ave.	\$912,535	\$787,535	\$5,971	13.0%	133

\*\*1990 was first year of program. They are half year results.

## Program Basics--Mills

- Every mill in MN that purchases more than 5,000 cords pays the assessment
  - First 5,000 cords is not subject to assessment
  - All acquired wood is subject
    - From inside & outside MN
  - Paid to state on or before 2/15 for the prior year
    - Report of wood purchased must accompany payment
  - State statute prohibits recovery of the assessment from the logging industry

# ● ● ● | Program Basics--Loggers

- Eligibility
  - Loggers who purchases workers' compensation
  - Employees must attend approved safety seminar
  - Must report wages paid and provide evidence of attendance at safety seminar on or before 2/15 for the preceding year

Minnesota Statutes 2004, Table of ChaptersTable of contents for Chapter 176

## 176.130 Targeted industry fund; loggers.

Subdivision 1. **Definitions.** For purposes of this section, the following terms have the meanings given them, except where the context clearly indicates a different meaning.

(a) "Commissioner" means the commissioner of labor and industry, unless otherwise provided.

(b) "Logger" means the following occupations:

(1) timber fellers: those who employ chainsaws or other mechanical devices mounted on logging vehicles to fell or delimb trees;

(2) buckers or chippers: those who cut trees into merchantable lengths with either chainsaws or heavier machinery, including slashers, harvesters, and processors;

(3) skidders or forwarders: those who either drag logs or trees to roadside landings, or load and transport logs or short wood (fuel wood or pulp wood) to similar destinations; and

(4) timber harvesters or processors: those who combine two or more of the operations listed in clauses (1) to (3).

(c) "Logging industry" means loggers and employers of loggers.

(d) "Wood mill" means the primary processors of wood or wood chips including, but not limited to, hard board manufacturers, wafer board or oriented strand board manufacturers, pulp and paper manufacturers, sawmills, and other primary manufacturers who do the initial processing of wood purchased from loggers.

(e) "Insurer" means an insurance company that provides workers' compensation coverage for loggers, including the Minnesota assigned risk plan.

(f) "Qualified employer" means a self-employed logger, or an employer of a logger, who has paid a premium for workers' compensation insurance coverage for the preceding calendar year and who has attended, or whose logger employees have attended, in the preceding calendar year, at least one safety seminar sponsored by or approved by the commissioner.

(g) "Rebate" means amounts allocated and paid to qualified employers under subdivision 6.

Subd. 2. **Administration.** The commissioner shall administer and enforce this section. Payments and reports required by this section must be made with forms provided by the commissioner. The commissioner shall collect all assessments and allocate the rebate as provided in this section.

Subd. 3. **Proof of insurance; logging industry.** Purchasers of wood from the logging industry shall obtain from the logger a certification of compliance with the mandatory insurance requirements of this chapter, or reason for exemption, on a form prescribed by the commissioner. A purchaser includes, but is not limited to, dealers and jobbers buying from the logging industry to sell to wood mills, and wood mills that buy

directly from the logging industry. Certificates obtained by the purchaser shall be submitted to the commissioner on request. The powers of inspection and enforcement pertaining to employers under section 176.184 shall be available with regard to purchasers under this section.

Subd. 4. **Assessment.** There is imposed an assessment, at the rate of 30 cents per cord of wood, for every cord or equivalent measurement of wood in excess of 5,000 cords, purchased or acquired in any calendar year, either inside or outside the state, by a wood mill located in Minnesota. This assessment must be paid by the wood mill to the commissioner on or before February 15 for the previous calendar year and may not, in any way, be recovered by the wood mill from the logging industry. All revenue collected from this assessment must be deposited in a separately maintained account in the special compensation fund for the payment of rebates under subdivision 6 and the loggers safety and education program under subdivision 11.

Subd. 5. **Annual reports; wood mills; qualified employers.** (a) Each wood mill that purchases or acquires more than 5,000 cords or equivalent measurement of wood in a calendar year shall, on or before February 15, make and file with the commissioner a report setting forth the number of cords purchased or acquired in the preceding calendar year, and other information the commissioner may require for the proper administration of this section.

(b) Each qualified employer shall, on or before February 15 each year, make and file with the commissioner a report setting forth the total amount of payroll paid to loggers in the preceding calendar year, together with proof of attendance at an approved safety seminar in the preceding calendar year, and other information the commissioner may require for the proper administration of this section. The commissioner may, for enforcement purposes, share reported payroll data for a particular employer with the workers' compensation insurer for that employer or with the workers' compensation insurance association.

Subd. 6. **Allocation of rebate.** Money collected under this section, less an amount as provided in subdivision 11, is appropriated to and, must be paid by the commissioner, on or before June 1 each year, directly to each qualified employer in a proportion equal to the proportion that the qualified employer's reported payroll dollars for loggers in the preceding calendar year is to the total reported payroll dollars for loggers from all qualified employers in the preceding calendar year. Payment under this section shall be made only to those qualified employers reporting within the time limits provided in subdivision 5, paragraph (b).

Subd. 7. **Inspection.** The commissioner or duly authorized employees may, at all reasonable hours, enter in and upon the premises of a wood mill or a qualified employer and examine books, papers, and records to determine whether the assessment has been properly paid or payroll properly reported.

Subd. 8. **Penalties; wood mills.** If the assessment provided for in this chapter is not paid on or before February 15 of the year when due and payable, the commissioner may impose penalties as provided in section 176.129, subdivision 10, payable to the commissioner for deposit in the assigned risk safety account.

Subd. 9. **False reports.** Any person or entity that, for the purpose of evading payment of the assessment or avoiding the reimbursement, or any part of it, makes a false report under this section shall pay to the commissioner for deposit in the assigned risk safety account, in addition to the assessment, a penalty of 75 percent of the amount of the assessment. A person who knowingly makes or signs a false report, or who knowingly submits other false information, is guilty of a misdemeanor.

Subd. 10. **Employer-employee relationship.** This section does not create an employer-employee relationship nor can it be used as a factor in determining the existence of an employer-employee relationship.

Subd. 11. **Safety program.** The commissioner shall establish or approve a safety and education program for Minnesota loggers. Funding for the program must be in the amount of \$125,000 each calendar year provided from amounts collected in the previous calendar year pursuant to subdivision 4. If the amounts collected under subdivision 4 are less than \$125,000 in any calendar year, funding for the safety and education program for the next calendar year must be the actual amount collected.

HIST: 1990 c 521 s 1,4; 1992 c 510 art 3 s 13,14; 1995 c 224 s 126; 1995 c 231 art 1 s 36; art 2 s 60; 2002 c 262 s 12,13

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443 Lafayette Road North  
 St. Paul, Minnesota 55155  
 www.doli.state.mn.us



651-284-5000  
 Fax: 651-284-5722  
 TTY: 651-297-4198  
 1-800-DIAL-DLI

**Annual Report of Wages Paid to Qualified Loggers  
 During the Calendar Year ended December 31, 2004**

Business Name:	Owner Name:
Business Address:	
City, State, and Zip code:	
Name:	Position or Title:
Phone Number of Person to Contact regarding the information contained herein:	
Federal ID #:	State ID #:
Name of Workers' Compensation Insurer:	
Policy Number:	Policy Dates From _____ To _____

Please make any changes in name and address directly on the mailing label.  
 List wages paid to loggers during calendar year (attached additional pages as necessary):

Safety Seminar Information

Employee Name	SSN	Date Attended	Location (City)	Calendar Year Wages

Total Wages Paid during calendar year (Instructions on Reverse Side of Report) \$ \_\_\_\_\_

This information can be provided to you in alternative formats (Braille, large print or audio tape).



443 Lafayette Road North  
St. Paul, Minnesota 55155  
www.doli.state.mn.us



651-284-5000  
Fax: 651-284-5722  
TTY: 651-297-4198  
1-800-DIAL-DLI

Annual Report of Wood Purchased or Acquired  
During the Calendar Year ended December 31, 2004

Name:	Position or Title:
Phone Number of Person to Contact regarding the information contained herein:	
Federal ID #:	State ID #:

Please make any changes in name and address directly on the mailing label.

General Instructions

1. Minn. Stat. § 176.30 provides that all wood mills that acquire more than 5,000 cords in a calendar year, either inside or outside of Minnesota, shall file a report setting forth the number of cords purchased and pay an assessment of \$ .30 per cord of wood over 5,000 cords. The report and assessment are due on or before February 15th of the following calendar year. For audit purposes, this report must be filed even though less than 5,000 cords were acquired and no assessment is due.
2. The report should include all wood acquired either inside or outside the State of Minnesota, as well as wood acquired from sources employed by the mill operation. Mills that operate in more than one location should file one consolidated report to include the total wood acquired by all operations. Do not file separate reports for each location.
3. The report and/or assessment payment must be received or postmarked on or before February 15th. Penalties will be assessed for all reports/payments that are not received or postmarked by the due date. Minn. Stat. § 176.129 provides a penalty of up to 15% of the amount of the assessment due, but not less than \$1,000, in the event the report and/or assessment are not timely filed. The penalty for filing a late report with no assessment due is \$200.
4. Request for extensions will be granted only for reasons that are beyond the control of the mill and must be received or postmarked on or before the due date of February 15th.
5. Completed reports should be mailed to: Minnesota Department of Labor and Industry  
Financial Services  
443 Lafayette Road North  
St. Paul, MN 55155-4317

For more information, please contact John Kufus at (651) 284-5179.

This information can be provided to you in alternative formats (Braille, large print or audio tape).

An Equal Opportunity Employer



List all wood acquired (by species) during the period from January 1, 2004 through December 31, 2004.

Species	Weight (lbs)		Board Feet	Cords
	Cut Logs or Tree Length	Whole Tree Chips		
Aspen				
Ash				
Balm				
Basswood				
Birch				
Cottonwood				
Elm				
Maple				
Oak				
Other Hardwoods				
Cedar				
Pine				
Spruce				
Tamarack				
Other Softwoods				
TOTAL				

Conversion Factor                      4500                      6000                      500                      N/A

1. Equivalent number of cords purchased (total divided by conversion factor)

	(a)	(b)	(c)	(d)
--	-----	-----	-----	-----

2. Total Cords Purchased (a + b + c + d) \_\_\_\_\_

Less: 5,000 cord exclusion (5,000)

3. Assessable Number of Cords Purchased \_\_\_\_\_

4. Assessment payable (Line 3 x .30) \_\_\_\_\_

(Please make check payable to MN Department of Labor and Industry and staple to front page of report)