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**Commerce & Labor Committee**

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**HB 2655**

**Brief Description:** Concerning the imposition of delinquency tax rates for qualified employers.

**Sponsors:** Representatives Conway, Condotta, Green and Wood; by request of Employment Security Department.

**Brief Summary of Bill**

- Provides that the Employment Security Department must disregard certain delinquent payments and may disregard others when determining whether an employer is qualified to have its unemployment insurance tax rates based on layoff experience.

**Hearing Date:** 1/18/08

**Staff:** Brian Considine (786-7290).

**Background:**

Most employment in the state is covered for unemployment insurance. Each covered employer is required to pay contributions (taxes) on a percentage of his or her taxable payroll, except for certain employers who reimburse the Employment Security Department (Department) for benefits paid to these employers' former workers.

For qualified employers, contribution rates are determined by the combined rate assigned to the employer based on layoff experience, social costs, and a solvency surcharge, if any. Contribution rates vary, but may not exceed 6.5 percent plus a solvency surcharge, if any. For employers that are not qualified because of delinquent payments of contributions, interest, or penalties, contribution rates are higher.

For purposes of determining whether employers are qualified or delinquent, the Department is:

- authorized to disregard delinquent payments if the amount is less than \$100 or less than 0.5 of 1 percent of the employer's yearly tax; and

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- authorized to disregard delinquent reports and payments from certain domestic services if an otherwise qualified employer acted in good faith and forfeiture of qualification would be inequitable.

**Summary of Bill:**

For purposes of determining whether employers are qualified or delinquent, the Employment Security Department is:

- required to disregard delinquent payments if the amount is less than \$100 or less than 0.5 of 1 percent of the employer's yearly tax; and
- authorized to disregard delinquent reports and payments from any services if an otherwise qualified employer acted in good faith and forfeiture of qualification would be inequitable.

**Rules Authority:** The commissioner is given rule-making authority to define ESD's discretion in determining when it can disregard delinquent reports or payments by an employer.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.