

HOUSE BILL REPORT

HB 1056

As Passed House:
February 22, 2013

Title: An act relating to not disqualifying certain corporate officers from receiving unemployment benefits.

Brief Description: Authorizing certain corporate officers to receive unemployment benefits.

Sponsors: Representatives Angel, Manweller and Sells.

Brief History:

Committee Activity:

Labor & Workforce Development: 1/23/13, 1/24/13 [DP].

Floor Activity:

Passed House: 2/22/13, 96-0.

Brief Summary of Bill

- Specifies that a corporate officer is unemployed if the officer's wages with the corporation are less than 25 percent of the officer's total wages.

HOUSE COMMITTEE ON LABOR & WORKFORCE DEVELOPMENT

Majority Report: Do pass. Signed by 9 members: Representatives Sells, Chair; Reykdal, Vice Chair; Manweller, Ranking Minority Member; Condotta, Assistant Ranking Minority Member; Green, Holy, Moeller, Ormsby and Short.

Staff: Jill Reinmuth (786-7134).

Background:

The unemployment compensation system is designed and intended to provide partial wage replacement for individuals who are unemployed through no fault of their own. Unemployment benefits are payable to individuals who are unemployed and who meet other eligibility requirements.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The general rule specifies that an individual is unemployed if he or she performs no paid services or performs less than full-time work. The weekly compensation from the part-time work must be less than 1-1/3 times the individual's weekly unemployment benefits plus \$5.

A special rule applies to corporate officers who own 10 percent or more of a corporation's outstanding stock or who are family members of such an officer. This rule specifies that such a corporate officer is unemployed if the corporation is dissolved or if the officer permanently resigns or is permanently removed from office.

Summary of Bill:

The special rule applicable to corporate officers is modified. A corporate officer is also unemployed if the officer's base year wages with the corporation are less than 25 percent of the officer's total base year wages.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect on December 29, 2013.

Staff Summary of Public Testimony:

(In support) A constituent had a small corporation and was the only corporate officer. When the economy turned, she set the corporation aside and went to work for someone else. When she was laid off from her job, she could not get unemployment benefits unless she dissolved the corporation or resigned her position. This outcome is an unintended consequence of past legislation, and this bill would correct that error.

(Opposed) None.

Persons Testifying: Representative Angel, prime sponsor.

Persons Signed In To Testify But Not Testifying: None.