

HOUSE BILL REPORT

HB 1903

As Reported by House Committee On: Labor & Workforce Development

Title: An act relating to unemployment insurance benefit charging relief for part-time employers who continue to employ a claimant on a part-time basis and the claimant qualified for two consecutive claims with wages attributable to at least one employer who employed the claimant in both base years.

Brief Description: Providing unemployment insurance benefit charging relief for part-time employers who continue to employ a claimant on a part-time basis and the claimant qualified for two consecutive claims with wages attributable to at least one employer who employed the claimant in both base years.

Sponsors: Representatives Fitzgibbon and Ryu.

Brief History:

Committee Activity:

Labor & Workforce Development: 2/19/13, 2/21/13 [DP].

Brief Summary of Bill

- Allows an employer employing a person on a part-time basis who is receiving unemployment benefits to request relief from benefit charges in certain circumstances.

HOUSE COMMITTEE ON LABOR & WORKFORCE DEVELOPMENT

Majority Report: Do pass. Signed by 6 members: Representatives Sells, Chair; Reykdal, Vice Chair; Manweller, Ranking Minority Member; Green, Moeller and Ormsby.

Minority Report: Do not pass. Signed by 3 members: Representatives Condotta, Assistant Ranking Minority Member; Holy and Short.

Staff: Joan Elgee (786-7106).

Background:

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.

An individual is eligible to receive unemployment benefits if he or she: (1) worked at least 680 hours in covered employment in his or her base year; (2) was separated from employment through no fault of his or her own or quit work for good cause; and (3) is able to work and is actively searching for suitable work. The base year is generally the first four of the last five completed calendar quarters before the claimant applied for benefits. A full-time worker who was separated and hired at a part-time job and who otherwise meets the eligibility criteria is eligible for reduced benefits, and the part-time employer may be a base year employer.

Most employers pay contributions (payroll taxes) to finance unemployment benefits. An employer's tax rate is experience rated so that the rate is determined, in part, by the benefits paid to its employees. Benefits are charged to base year employers on a pro rata basis according to the amount of wages paid to the claimant by the employer in the claimant's base year compared to the wages paid by all employers. Some benefits, however, are pooled within the unemployment system or "socialized."

An employer may request relief from charging under specified circumstances. A part-time employer who continues to employ a claimant may request relief from charging if the claimant was concurrently employed by and subsequently separated from at least one other base year employer. An employer requesting relief must do so within 30 days of notification of the initial determination of the claim.

The shared-work program provides for the payment of partial benefits in situations where employers elect to retain employees at part-time work rather than lay off employees.

Summary of Bill:

An additional basis allowing an employer to request relief from benefit charges is established. An employer is eligible for relief from charges attributable to a claimant who the employer continues to employ on a regularly scheduled permanent part-time basis and who qualified for two consecutive claims where wages were attributable to at least one employer who employed the claimant in both base years. Benefit charging relief is not available to shared-work employers.

The act takes effect January 1, 2014.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect on January 1, 2014.

Staff Summary of Public Testimony:

(In support) Employers should not be penalized for hiring a part-time worker. Employers' experience ratings and costs have gone up dramatically when they hired people to work part time. This bill will result in jobs and is a good small business bill. The bill passed out of the House of Representatives unanimously last year. Unless benefit charging is changed, employers may hesitate to hire unemployed people.

(With concerns) This bill would add a sixth reason to request relief. These are exceptions to benefit charging which result in socialized costs. When costs are socialized, rate class vs. rate class or industry vs. industry disputes tend to occur, and those disputes tend to bring in benefit levels. Acorns grow into oak trees. Last year's fiscal note estimated 400 requests would be received, not an insignificant amount. Something should be figured out to take care of people who fall through the cracks.

(Opposed) None.

Persons Testifying: (In support) Representative Fitzgibbon, prime sponsor; and Brad Tower, Optometric Physicians of Washington.

(With concerns) Kris Tefft, Association of Washington Business; and Mark Johnson, Washington Retail Association.

Persons Signed In To Testify But Not Testifying: None.