

HOUSE BILL REPORT

HB 1349

As Reported By House Committee On:
Commerce & Labor

Title: An act relating to noncharging of benefits to employers' unemployment insurance experience rating accounts.

Brief Description: Affecting noncharging of benefits to employers' unemployment insurance experience rating accounts.

Sponsors: Representatives Lisk, Chandler and Veloria; by request of Joint Task Force on Unemployment Insurance.

Brief History:

Committee Activity:

Commerce & Labor: 2/1/95, 2/8/95 [DP].

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass. Signed by 11 members: Representatives Lisk, Chairman; Hargrove, Vice Chairman; Thompson, Vice Chairman; Romero, Ranking Minority Member; Conway, Assistant Ranking Minority Member; Cairnes; Cody; Cole; Fuhrman; Goldsmith and Horn.

Staff: Chris Cordes (786-7117).

Background: Under the unemployment insurance tax system, an experience rating account is maintained for each covered employer. Benefits paid to a claimant are charged to the accounts of the claimant's base year employers in proportion to the wages paid by each employer.

Certain benefit payments are not charged to experience rating accounts. These noncharged benefits include benefits paid to claimants who are participating in specified training programs, benefits received by claimants who are later determined to be ineligible, benefits paid in certain claims when the claimant had wages from more than one state, benefits paid to claimants whose unemployment resulted from injury or disability, benefits paid on extended benefit claims, and a portion of benefits paid to claimants who are identified as marginally attached to the labor force.

During the 1993 legislative interim, the Joint Task Force on Unemployment Insurance reviewed the unemployment insurance tax system and issued a report recommending several changes, including changes in the method for charging benefit costs to employers' experience rating accounts. The task force's request legislation was not enacted in 1994.

Summary of Bill: Beginning with new claims effective after July 1, 1995, the provisions permitting noncharging of an employer's unemployment insurance experience rating account are amended to require charging if:

- (1) benefits are paid while the claimant is participating in work force training programs.
- (2) the claimant is a timber worker or other qualified worker receiving benefits under the additional benefits program and is participating in training.
- (3) the claimant does not successfully complete an approved on-the-job training program.
- (4) the claimant received benefits under a wage claim that combined wages from another state when the wage credits in Washington alone would not qualify the claimant for benefits.
- (5) the claimant received benefits after an on-the-job injury using the special base year permitted for injured workers.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Testimony For: These changes to the noncharging system were the result of a compromise reached by the task force. The task force recognized a need to reduce the socialized costs of the unemployment insurance system. This bill will require benefits to be charged to employers' experience rating accounts in areas over which the employer has some control. The intent is to create economic incentives for employers to manage their workforces better.

Testimony Against: None.

Testified: Clif Finch, Association of Washington Business; and Robert Dilger, Washington State Building and Construction Trades Council.