

SENATE BILL REPORT

ESSB 6007

As Passed Senate, May 22, 2001

Title: An act relating to extending unemployment insurance coverage to employees of Indian tribes.

Brief Description: Extending unemployment insurance coverage to employees of Indian tribes.

Sponsors: Senate Committee on Labor, Commerce & Financial Institutions (originally sponsored by Senators Prentice, Winsley, Gardner, Franklin, Fairley, Kline and Costa; by request of Employment Security Department).

Brief History:

Committee Activity: Labor, Commerce & Financial Institutions: 2/27/01 [DPS, DNP].

Passed Senate: 3/12/01, 45-4.

First Special Session: Passed Senate: 5/22/01, 33-8.

SENATE COMMITTEE ON LABOR, COMMERCE & FINANCIAL INSTITUTIONS

Majority Report: That Substitute Senate Bill No. 6007 be substituted therefor, and the substitute bill do pass.

Signed by Senators Prentice, Chair; Gardner, Vice Chair; Fairley, Franklin, Patterson, Rasmussen, Regala, West and Winsley.

Minority Report: Do not pass.

Signed by Senators Benton and Honeyford.

Staff: Joanne Conrad (786-7472)

Background: Congress has extended mandatory unemployment insurance coverage to tribal employees effective December 21, 2000. Currently, under Washington State law, individual tribes may elect coverage for workers who perform services for tribally-owned businesses. Twenty-seven tribes are already registered with the Employment Security Department to cover some or all of their employees. Tribal enterprises must be taxpaying employers and reimbursement is not currently an option. Legislation is needed in order to establish the terms and conditions of tribal unemployment insurance, and to comply with federal law.

Summary of Bill: Tribal enterprises are generally treated like state and local government entities for purposes of unemployment insurance coverage (UI). For tribes within Washington State, tribal UI coverage is mandatory. Tribal employers are offered two options: payment of contributions under the same terms and conditions as all other subject employers, or a reimbursement option.

Failure by tribes to make timely required UI tax or reimbursement payments results in the loss of the option of making payments in lieu of contributions and can result in the loss of coverage for workers. Payment and coverage may be reinstated under certain conditions.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect immediately and applies retroactively to services performed for tribal enterprises on or after December 21, 2000.

Testimony For: This bill is needed for federal compliance. Since it has a retroactive effect, the longer it takes to enact, the more of an administrative nightmare– it will be to reconcile. The bill relieves tribes of some federal tax problems, and allows their businesses to be treated like cities and counties, for UI purposes.

Testimony Against: None.

Testified: Paul Trause, Employment Security Dept.; Bob Matson, Matson Insurance; Tom McGorr, Sauk-Suiattle Indian Tribe.