
Commerce & Labor Committee

PSHB 1832

Brief Description: Correcting rate class 16 in schedule B by amending RCW 50.29.025 and making no other changes.

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

Brief Summary of Proposed Substitute Bill

- Corrects the unemployment insurance contribution rate for Rate Class 16 in Schedule B.

Hearing Date: 2/19/03

Staff: Chris Cordes (786-7103).

Background:

Washington's unemployment compensation program provides partial wage replacement benefits for workers who are unemployed through no fault of their own. Employers make contributions through payroll taxes to finance these benefits. Contribution rates are based on a statutory tax table and are determined by the tax schedule in effect and the employer's rate class.

Tax Schedule: The tax table contains seven different tax schedules, AA through F. The tax schedule in effect is set annually and depends on the balance in the unemployment insurance trust fund and the total payroll in covered employment. Schedule B is in effect for 2003.

Rate Class: Each tax schedule contains 20 different rate classes. An employer is assigned to one of these 20 rate classes depending on the employer's layoff experience relative to other employers' experience.

Recent Legislation: In 2000 legislation was enacted that reduced various contribution rates (SHB 3077). The reductions were based on a tax table forwarded by the Employment Security Department using the Legislature's policy assumptions. In the tax table, the contribution rate for rate Class 16 in Schedule B was erroneously set at 3.69 percent instead of 3.42 percent.

In 2002 the Legislature approved two bills that affected the tax tables. The Governor vetoed House Bill 2303, which corrected the tax table error in Rate Class 16, because this error was also corrected in the tax table in EHB 2901. However, most of the tax provisions contained in EHB 2901 were referred to the people in Referendum Measure 53 and were not approved in the November 2002 elections. As a result, the correction in Rate Class 16 did not take effect.

Summary of Proposed Substitute Bill:

An error is corrected in the unemployment insurance contribution rate for Rate Class 16 in Schedule B. The rate is changed from 3.69 percent to 3.42 percent.

Proposed Substitute Bill Compared to Original:

The proposed substitute bill adds an emergency clause with an immediate effective date.

Rules Authority: The bill does not contain provisions addressing the rule-making powers of an agency.

Appropriation: None.

Fiscal Note: Not requested.

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