

HOUSE BILL ANALYSIS

SB 6237

Brief Description: Modifying who may deduct processing fees for certain payroll deductions.

Sponsors: Senator Fairley; by request of the Employment Security Department

Hearing: February 23, 2000

Brief Summary of Bill

- Repeals the Employment Security Department's authority to deduct processing fees from unemployment benefits withheld for child support payments.

BACKGROUND:

In certain circumstances, the Department of Social and Health Services (DSHS) may garnish wages or unemployment benefits to collect child support from parents responsible for child support. On receiving the notice, the employer or the Employment Security Department (ESD) must withhold the amount from earnings or from unemployment benefits, respectively, and remit the amount to the DSHS. The statute permits the employer or the ESD to deduct a processing fee from the amount withheld.

Federal unemployment insurance law allows the states to make deductions from unemployment benefits only in limited circumstances, including deductions for child support payments. The amount deducted from benefits, however, may not exceed the child support payment. Under the Federal Unemployment Tax Act (FUTA), the state's employers receive a tax credit against their federal unemployment tax, and the state receives a share of the federal FUTA revenues for administration of its unemployment insurance system, only if the state maintains an unemployment insurance system in conformity with federal law.

SUMMARY OF BILL:

The Employment Security Department's authority to deduct a processing fee from

unemployment benefits withheld for child support payments is repealed.

RULES AUTHORITY: The bill does not contain provisions addressing the rule making powers of an agency.

FISCAL NOTE: Not requested.

EFFECTIVE DATE: The bill contains an emergency clause and takes effect immediately.