

# SENATE BILL REPORT

## EHB 1394

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As of March 27, 2013

**Title:** An act relating to changing the employment security department's settlement authority.

**Brief Description:** Changing the employment security department's settlement authority.

**Sponsors:** Representatives Reykdal, Manweller, Sells, Hunt, Green, Van De Wege and Appleton; by request of Employment Security Department.

**Brief History:** Passed House: 3/05/13, 96-0.

**Committee Activity:** Commerce & Labor: 3/25/13.

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### SENATE COMMITTEE ON COMMERCE & LABOR

**Staff:** Mac Nicholson (786-7445)

**Background:** The Employment Security Department (ESD) must recover unpaid unemployment insurance contributions, interest, and penalties from employers, and recover benefit overpayments from persons determined to be ineligible. ESD's authority to settle debts owed to it either in the form of unpaid contributions, interest, and penalties, or in the form of an overpayment, varies depending on the type of debt. ESD may settle with employers for debts due to unpaid contributions, interest, and penalties only when collection of the total amount owed would result in the insolvency of the employer. With overpayments, ESD may with settle with claimants if collection of the total amount owed would be against equity and good conscience.

**Summary of Bill:** ESD may settle employer debts under the same standards as it does with claimant debts. Specifically, ESD can settle with employers for unpaid contributions, interest, and penalties if collection of the total amount owed by the employer would be against equity and good conscience.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

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

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*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.*

**Staff Summary of Public Testimony:** PRO: When regulatory agencies have flexibility to work with businesses, they can save businesses. Having rigid rules is costly. This bill instills more fairness. The current authority is inflexible and ESD would like to work with businesses.

**Persons Testifying:** PRO: Representative Reykdal, prime sponsor; Neil Gorrell, ESD.