

HOUSE BILL REPORT

HB 1338

*As Reported By House Committee on:
Commerce & Labor*

Title: An act relating to unemployment compensation deductions for social security pensions.

Brief Description: Revising provisions for unemployment compensation deductions for pensions.

Sponsor(s): Representatives Heavey, McLean and O'Brien; by request of Employment Security Department.

Brief History:

Reported by House Committee on:
Commerce & Labor, February 15, 1991, DP.

**HOUSE COMMITTEE ON
COMMERCE & LABOR**

Majority Report: *Do pass.* Signed by 11 members: Representatives Heavey, Chair; Cole, Vice Chair; Fuhrman, Ranking Minority Member; Lisk, Assistant Ranking Minority Member; Franklin; Jones; R. King; O'Brien; Prentice; Vance; and Wilson.

Staff: Chris Cordes (786-7117).

Background: In Washington, unemployment compensation benefits are reduced by 50 percent of the amount of the federal social security retirement pension that a claimant receives. Although federal law requires that most pensions based on prior employment be deducted from unemployment benefits, it no longer requires any deduction for social security pensions.

Summary of Bill: The deduction from unemployment compensation benefits made because of a claimant's pension does not apply to the claimant's federal social security pension.

Fiscal Note: Requested January 14, 1991.

Effective Date: The bill contains an emergency clause and takes effect July 7, 1991, for weeks of unemployment beginning on or after July 7, 1991.

Testimony For: Many pensioners remain in the workforce to supplement their retirement pay. The deduction against their unemployment compensation can operate as a real hardship. These pensioners qualify for benefits just like other workers. Because of the requirements of federal social security law, a change in the state's policy will not create any new disincentives to avoid working.

Testimony Against: The fiscal impact on the unemployment trust fund is significant. Employers are already paying a very high rate in comparison with other states. The concern about the welfare of low income pensioners should be addressed in another way.

Witnesses: (in favor) Graeme Sackrison, Employment Security Department; Bob Dilger, Washington Building and Construction Trades Council; Cindy Zehnder, Teamsters; and Jeff Johnson, Washington State Labor Council. (opposed) Clif Finch, Association of Washington Business.